



Daily Report

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Daily Report

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General

Jiang Zemin Receives New Ambassador's Credentials

*OW1201060194 Beijing XINHUA in English 0545
GMT 12 Jan 94*

[Text] Beijing, January 12 (XINHUA)—Chinese President Jiang Zemin received credentials presented by three foreign ambassadors to China at the Great Hall of the People here this morning.

These ambassadors are Azerbaijan's First Ambassador to China Tamerlan Garayev, Spain's new ambassador to China Juan Lena and Bangladesh new ambassador to China Mustafizur Rahman [spelling of names as received].

Premier Li Peng Interviewed by Egyptian Paper

*NC1101082594 Cairo MENA in Arabic 0630 GMT
11 Jan 94*

[Text] Cairo, 11 Jan (MENA)—Chinese State Council Premier Li Peng has expressed his support for President Husni Mubarak's call for declaring the Middle East a zone free of weapons, mass destruction and especially nuclear weapons. He said China was the lead country among the five nuclear powers to commit itself to not being first to use nuclear weapons.

In a newspaper interview published in AL-AHRAM today, Li Peng welcomed the recent progress in the Arab-Israeli talks, describing it as a good beginning to settle the Arab-Israeli conflict. But the Chinese premier said a real settlement of the conflict requires both sides to keep trying to overcome the various obstacles until permanent peace is achieved.

Li Peng said he believed the end of the Cold War has not brought people security and reassurance. He said the developing countries' economic suffering has increased and regional conflicts have continued. He noted that peace and development—two basic issues in our age—have not seen the light of solution.

Li Peng said China, itself a developing country, considers good relations with the developing countries a mainstay of its foreign policy. China expresses its great sympathy with the plight of the developing countries.

On the march of development in China, Li Peng noted that his country has recorded a high annual growth rate of 8.9 percent. Gross national product increased 12.8 percent in 1992 on the figure for 1991. Grain production reached 450 million tons.

Li Peng said his country encourages foreign investors as part of its socialist market economy. He explained that over 50,000 establishments with an investment of \$50 billion dollars were operating in China by the end of

September 1993. Their participation in industrial production amounts to 6 percent of total production and 20 percent of China's total exports.

Li Lanqing Greets U.S. Senator, Kuwaiti Official

*OW1101130594 Beijing XINHUA in English 1236
GMT 11 Jan 94*

[Text] Beijing, January 11 (XINHUA)—Chinese Vice-Premier Li Lanqing respectively met with Abdul Rahman Houti, chairman of the board of public authority for assessment of compensation for damages resulting from Iraqi aggression, and Daniel K. Akaka, chairman of the U.S. Senate's Indian Affairs Committee, here this afternoon.

When meeting Houti, Li said China is paying constant attention to the situation in the Gulf region, and always endorses respect for the sovereignty, independence and territorial integrity of Kuwait, and the full implementation of resolutions adopted by the U.N. Security Council.

Li said it is three years since the Gulf crisis, and China hopes the problems left by the crisis will be resolved as soon as possible so as to safeguard peace and stability there.

"As a permanent member of the U.N. Security Council, China is willing to make its efforts along with the countries in the Gulf region and the international community to this end," Li added.

Li recalled the days he visited Kuwait last June, saying that the Kuwait Government and its people had exerted great efforts to heal the damages caused by the war, reconstruct their homeland and reinvigorate their economy, and made remarkable achievements.

Li pointed out that through joint efforts of the two governments, Sino-Kuwaiti friendship and cooperation will be furthered.

Houti briefed Li on Kuwait's losses in the Gulf war and Kuwait's stand on compensation for war damages, and thanked the Chinese Government and people for their help and support for Kuwait during the Gulf crisis and war.

Houti and his party arrived here January 10 as guests of the Chinese Foreign Ministry.

On another occasion, Li had a friendly talk on issues of common interests with visiting U.S. Senator Daniel K. Akaka.

Akaka came to China January 7 as guest of the Chinese People's Institute of Foreign Affairs.

'Yearender' Views World Economic Situation

HK1101103294 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 24 Dec 93 p 6

[“1993 Yearender” by Yang Jiaji (2799 1367 7535): “Current World Economic Situation and Characteristics”]

[Text] With the economy still growing slowly and various contradictions and conflicts intertwining, the present world is undergoing profound changes in terms of economic pattern, structure, and industrial structure. These changes will exert far-reaching influence on future world economic growth.

The recovery of the Western economies was still weak this year. After experiencing a “soft recovery” for two and a half years, GDP growth topped 3 percent in the second half of this year and annual growth will be around 2.8 percent. And yet, due to many chronic afflictions, the U.S. economy is still troubled by serious financial and foreign trade deficits. After dropping for three consecutive years, the EC economy is likely to register negative growth of 0.5 percent this year; with the number of unemployed at 18 million, there have been frequent strikes in various countries. The Japanese economy is still in the doldrums and Japan will register its first zero growth since World War II.

Some headway has been made in creating private enterprises in the CIS countries, but economic chaos has not been brought under control. Industrial output will drop by 16 percent this year, the inflation rate stands at 2,000 percent, and the people's living standards are continuing to drop. The economic situation in East European countries is different, with Poland, the Czech Republic, and Hungary scoring some achievements in their change toward a market economy and their industrial production tending to stabilize or pick up.

Average economic growth in the developing countries was about 5.6 percent but there were considerable differences among different countries. In Latin America, most countries' economies have improved for three consecutive years, their gross output value has grown by about 3 percent, and they have improved their ability to absorb foreign capital. In Africa, the annual economic growth rate is about 1.6 percent, lagging far behind its 3-percent population growth. The Asian economy is still upbeat, with economic growth standing at about 7 percent. Economic growth in East Asia will reach 8 percent, ranking first in terms of world economic growth for several years running. East Asia is after all regarded as the area with the most dynamic economic growth in the world.

The tide of economic reform is sweeping practically all countries and regions in the east, west, north, and south. All countries, developed or developing, are striving for development through change. Soon after taking office, Clinton put forward a whole set of programs for reforming and rejuvenating the American economy. EC

countries are focusing on changes in four aspects, i.e. increasing employment, reforming their welfare systems, supporting small and medium-sized enterprises, and accelerating the shift from scientific research to production. Japan is focussing on reforming its monetary system, strengthening basic scientific research, and readjusting existing employment and operational mechanisms, as well as expanding internal demand and gradually opening up the domestic market. The CIS and East European countries are expediting the transformation of their economies. A number of new emerging industrialized countries and regions, which are rising suddenly in East Asia, are encouraging large numbers of developing countries to explore modes suited to their economic development.

The trends toward regional economic blocs and world economic integration are developing further, with economic competition and mergers going hand in hand. Early this year, a big market of 12 EC countries began to operate. Following the final approval of the Maastricht Treaty after many twists and turns, the construction of a European Alliance has started. The European Economic Area pact will also come into effect in January 1994 and the process of European integration is still developing in accordance with the idea of three “concentric circles.” The United States, Canada, and Mexico have approved the North American Free Trade Agreement in Congress. [as published] Some time ago, a Seattle meeting of the leaders of the Asia-Pacific Economic Cooperation organization, which attracted widespread attention in the international community, put forward the idea of open regional economic and trade cooperation.

The sustained, high-speed development and sudden rise of the Asian economy, especially the East Asian economy, has further enhanced the region's economic status. The rate of Asia's economic development this year is about three times that of world economic development. Economic regional alliances, subregional alliances, and other forms of development in the Asian region are emerging one after another. In the face of such a uniquely good economic situation in East Asia, the U.S. Government has openly indicated, “looking forward into the 21st century, no other region is more important to the prosperity and stability of the United States than the Pacific rim region.”

The world's finances are still weak. It is increasingly difficult for the old world and regional monetary coordination mechanisms to play their roles. The crisis in the European currency system and the great appreciation of the Japanese yen, which have come one after another this year, indicate a drastic increase in the volatility of international finance. To stimulate economic recovery, the United States has reduced its short-term interest rates to a record low. Japan has basically followed the trend in U.S. interest rates. To control inflation and maintain the dominant role of the Deutsch Mark among European currencies, Germany has kept its high interest rates unchanged for a long time. Monetary turmoil has also found expression in violent fluctuations of stock

markets. Since the bursting of Japan's "bubble economy," the Nikkei Index has dropped continuously and so have stock markets in Germany and France. [sentence as published]

State intervention has increased and economic diplomacy is the order of the day. With the general slump of the Western economy, there is turmoil in society. This has directly affected the position of the ruling parties, leading to changes in some governments. Consequently, developed countries have extensively increased macro-economic regulation and control and formulated a series of measures and plans to stimulate and develop the economy. They have further enhanced the status of economic security in international relations and tried hard to gain a favorable position in the midst of fierce international competition. State intervention has also involved credits, investment, foreign aid, trade, and even private investment. These countries have kept exchange rates and technological transfers under stricter control.

The world economy will still face many difficulties next year but favorable factors will also increase. The overall situation is expected to be better than this year.

United States & Canada

Talks on Textiles Quota To Begin 15 Jan

HK1201063494 Beijing CHINA DAILY in English
12 Jan 94 p 1

[By staff reporter Wang Yong: "Late Talks in Bid to Halt Textiles War"]

[Text] China and the United States are to hold a new round of talks in Beijing on Saturday [15 January] in a bid to avert a major trade war.

The talks have been scheduled before the U.S. acts on its decision to slash import quotas of Chinese textiles and clothes "by 25-35 percent" from next Monday.

The Chinese Ministry of Foreign Trade and Economic Co-operation (Moftec) revealed yesterday that this fourth round of talks on the Sino-U.S. textile trade agreement would end the same day.

But officials refused to comment on the talks in advance.

Analysts also declined to predict the outcome of the last-ditch effort.

However, if the bid failed, they said the U.S. would reduce some \$1.2 billion worth of textile imports from China, which had threatened to retaliate.

"It's not clear whether the two sides will make any compromise to avert a more bruising trade conflict," one observer said.

China on Monday urged the U.S. to reconsider its decision and to negotiate a solution.

It charged the U.S. with treading on the spirit of the General Agreement on Tariffs and Trade (Gatt) and the Multi-Fibre (international textiles) Arrangement [name of accord as published] by unilaterally reducing Chinese imports last week.

Articles View Impact of U.S. Textile Quota

On Hong Kong, Taiwan

HK1101103494 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1113 GMT 9 Jan 94

[“Special article” by Li Xiaozhun (2621 1321 6150)]

[Text] Hong Kong, 9 Jan (ZHONGGUO TONGXUN SHE)—The recent decision by the United States to unilaterally cut mainland China's textile quotas has aroused the great concern of manufacturers from three sides across the Taiwan Strait. If the decision goes into effect officially, it will: Cause a loss of \$1.2 billion to the mainland's textile exports; affect Hong Kong, which plays an entrepot role for the mainland's trade; and will affect Taiwan businessmen who have invested in the mainland. It will also affect Taiwan's textile exports.

As the mainland's traditional major export commodity, textiles occupy a decisive position in overall foreign trade. Thanks to the vigorous development of mainland China's economy, its textile exports to the U.S. market rank first among other textile exporters. According to statistics, the volume of mainland China's textile and garment exports to the United States totaled \$4.7 billion in 1993, an increase of more than 100 percent over the \$2.2 billion in 1988.

The U.S. market absorbs a large amount of Chinese textiles, showing that there is indeed such a demand. Over the past nine months, however, the United States has failed to reach agreement with China after four rounds of talks. Eventually, the United States decided to unilaterally cut mainland China's textile export quotas by 25 to 25 percent [numbers as received] commencing 1994, under the excuse of China's "illegal textile shipments." The textile quota cut involves an export volume of \$1.18 billion. If the decision goes into effect on 17 January, it will not only incur serious losses in mainland China's textile exports but will also adversely affect China's overall foreign trade and economic development in 1994.

Meanwhile, the U.S. decision to unilaterally cut China's export textile quotas will also affect Hong Kong and bring losses to its entrepot trade. According to statistics, the volume of China's export commodities via Hong Kong totals \$50 billion annually and textiles account for a large proportion of this total. Although the textile cut will not immediately affect Hong Kong, it will bring losses to China's textile and garment exports to the United States via Hong Kong. At the same time, it will dampen the enthusiasm of Hong Kong manufacturers for investing in the mainland.

Two possible conflicts of interests may occur in Taiwan. Although the textile export quotas obtained locally by Taiwan investors in the mainland are limited, they will also be indirectly affected because of the sharp cut in textile quotas. On the other hand, Taiwan manufacturers based on the island may benefit from the move. According to analyses from Taiwan, following the cut in mainland China's quotas, the United States will have to get more sources from other regions. As a result, Taiwan manufacturers will get some unexpected orders for their textile production and this will benefit Taiwan's industry.

Council Cites U.S. 'Attack'

HK1201063394 Beijing CHINA DAILY in English
12 Jan 94 p 2

[By staff reporter Qiu Qi: "Council Blasts U.S. Action on Textiles"]

[Text] China National Textile Council has blasted the United States for its unilateral slashing of China's textile import quotas.

"The U.S. announcement of its intention to slash China's textile export quotas by 25-35 percent is an attack on China's textile industry," a spokesman from the China National Textile Council said.

Hundreds of Chinese enterprises that provide textile products for the U.S. market will be hurt by the move, the spokesman said.

Some producers may even go bankrupt, which could result in as many as 300,000 job losses in the industry, he added.

The council said the U.S. decision was irresponsible and unreasonable.

The U.S. action also breached the Multi-Fibre Arrangement as well as other multilateral trade relationships, he said.

China National Textile Council pointed out that the U.S. reduction of import quotas will not solve the problem of illegal transshipment.

"The U.S. decision hurts legal Chinese textile enterprises, which is unfair," said the spokesman.

He added the industry had already intensified its crackdown on illegal transshipment.

The council also called for a negotiated settlement of the issue of illegal transshipment.

The spokesman said the council hoped to set up an effective system in co-operation with the U.S. to deal with the illegal transshipment of China's textile products by overseas dealers.

At the same time, the China National Textile Council will continue to fight the illegal activities with the support of Chinese Government.

Guangdong 'Hurt'

HK1201064494 Beijing CHINA DAILY in English
12 Jan 94 p 2

[By staff reporter Li Wen: "Guangdong Companies To Reel From Quota Cut"]

[Text] Guangzhou—A large number of Chinese companies will be hurt by the "irresponsible" decision by the United States to slash textile import quotas from China, according to a leading textile maker in Guangdong.

Wang Shenghuai, Vice-President of Guangdong Textile Import and Export Corporation, said he hopes China and the U.S. will find a satisfying solution to this sensitive issue during the coming fourth round of talks on textile quotas scheduled from January 15 to 17.

"If a solution can't be reached, we are planning to retaliate in order to make up our losses," he said.

The U.S. announced last week its intention to cut quotas for China's textile imports by 25-35 percent in response to illicit transshipments of Chinese textiles bearing labels of other countries.

The reduction would slash Chinese textile exports to the U.S. by almost \$1.2 billion.

Wang's company, a leading textile exporter to the U.S., is under great pressure if the cuts take effect on January 17.

More than 20 percent of the company's exports are shipped to the U.S. The company has been doing textile business with U.S. companies for 16 years.

For the past years, exports to the U.S. have been stable, with an annual average of \$90 million, Wang said.

Under the 25-35 percent cuts quoted by the American side, the company would lose 70 million yuan (\$8 million) in profits this year.

A recent study conducted on five of his factories that send the bulk of their products to the U.S. market showed more than 6,000 workers might be laid off.

Businessmen from Hong Kong and Taiwan, especially those who have opened textile plants in the mainland, are now hesitating about doing further business in the area.

"They are afraid of going bankrupt if the contracted goods are among the still-unannounced 88 types of products that are having their quotas reduced by the U.S.," said Wang.

"The U.S. should have joined hands with the Chinese side to clamp down on illegal textile activities, rather than hurting innocent people," Wang said.

"The Chinese Government has been tough and cracked down on illegal textile traders," he said.

Two inspection teams from the Ministry of Foreign Trade and Economic Co-operation (Moftec) visited Wang's company last year, even though it has not been involved in any illegal trade.

"It is unfair to cut our quotas," said Wang.

On the other hand, Wang added: "China should learn from this not to rely on one country in its future world trade.

Independent Panel To Probe U.S. Radiation Tests

OW1201045894 Beijing XINHUA in English 0435
GMT 12 Jan 94

[Text] Washington, January 11 (XINHUA)—U.S. President Bill Clinton is to name a group of civilian scientists to review documents on radiation tests on human beings during the Cold War, administration officials said today.

The panel, which consists of health physicists, radiology experts and medical ethics specialists, will review the data turned up by inter-agency investigations to comb the hundreds of thousands of documents about the tests and see whether ethical standards were violated.

The efforts, initiated by Energy Secretary Hazel O'Leary, also involve the Defense Department, the Department for Veteran Affairs and the National Aeronautics and Space Administration (NASA).

The White House, which set up a "working group" a week ago to coordinate the activities, said the Central Intelligence Agency (CIA), is also joining the probe. The CIA reportedly destroyed many of the reports on the tests.

The Energy Department has so far interviewed some 4,000 callers on a telephone hotline, about 20 percent of them claimed to be victims of some of the radiation experiments, a department spokesman said.

Northeast Asia

DPRK's Kim Il-song 'Likely' To Visit

SK1201081894 Seoul YONHAP in English 0807 GMT
12 Jan 94

[Text] Beijing, Jan. 12 (YONHAP)—North Korean President Kim Il-song is likely to visit Beijing soon to discuss with Chinese leaders problems on the Korean peninsula following the resolution of the North Korean nuclear issue, sources said Wednesday [12 January].

Kim wants to visit Beijing in the belief that the circumstances surrounding the Korean peninsula will change rapidly as a result of successful negotiations between his country and the United States, said the sources, who are well informed on North Korean affairs.

"North Korea is secretly sounding out the Chinese Government on the possibility of Kim's visit through diplomatic channels," one source said. "Beijing is showing agreement in principle for the North Korean leader's visit to China after the nuclear question is resolved."

If the visit takes place, Kim and Chinese leaders will discuss such problems as reform and open-door policy in North Korea, improvements in North Korea's relations with Japan and the United States, an inter-Korean summit and South-North relations, he said.

In this connection, Hwang Chang-yop, chairman of the Foreign Affairs Committee of the Supreme People's Assembly and one of Kim's closest aides, will visit Beijing in late January at the invitation of the Chinese Government to discuss the visit, the source said.

"Hwang's Chinese visit has not been made public in detail as yet, but judging by recent developments both in North Korea and China, Hwang will discuss issues related to the Korean peninsula as well as Kim's visit," he said.

In addition, Hwang will study China's reform and open policy, he said.

Chinese officials confirmed Hwang's planned visit in meetings with the South Korean National Assembly speaker when he visited China on Jan. 6-11, the source said.

Hwang surfaced as a core member of the North Korean power hierarchy during the December session of the Supreme People's Assembly along with Kim Il-song's brother, Kim Yong-chu.

Hwang was appointed chairman of the Foreign Affairs Committee and named to head a so-called task force for relations with China and the United States. As such, he is understood to be managing issues related to improving ties with the United States.

Li Lanqing Receives ROK Delegation

OW1201100494 Beijing XINHUA in English 0937
GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—Chinese Vice-Premier Li Lanqing met here this afternoon with Mr. Chong Chun-mong, member of the National Assembly of the Republic of Korea, and they exchanged views on issues of common interest.

The five-member delegation headed by Mr. Chong arrived here on January 9 at the invitation of the China Council for the Promotion of International Trade (CCPIT).

Sub-Saharan Africa**Qian Qichen Begins African Visit****Background on Qian**

HK1001060094 Beijing ZHONGGUO XINWEN SHE in Chinese 0938 GMT 9 Jan 94

[By reporter Li Wei (2621 0251): "Qian Qichen Starts a Visit to Six African Nations"]

[Text] Beijing, 9 Jan (ZHONGGUO XINWEN SHE)—Qian Qichen, Chinese vice premier and foreign minister, will start his foreign visits in the new year and set off tomorrow to visit six African countries: Ethiopia, Eritrea, Sudan, Kenya, Madagascar, and Mauritius. He will exchange opinions with leaders of the six countries on the international situation, African affairs, bilateral relations, and other issues of common interest.

The Chinese foreign minister has been faithfully and creatively performing his duties and carrying out intense diplomatic activities. Last year, he not only received foreign counterparts at home, but also made 10 visits to foreign countries to attend international conferences. In particular, he accompanied PRC President Jiang Zemin when he attended the informal Asia-Pacific Economic Cooperation organization summit meeting, and held an official meeting with U.S. President Clinton in Seattle, then he accompanied Jiang Zemin on his visit to Cuba, Brazil, and Portugal.

Strengthening and developing unity and cooperation with Third World countries is a basic foothold of China's independent and peace-oriented foreign policy. At the beginning of the new year, Qian Qichen's visit to the six African countries demonstrates this.

Qian Qichen has mentioned many times that China attaches importance to friendly cooperation with the African countries, and always respects and supports their decisions to select their own political systems and develop paths according to their own national conditions. On the eve of his visit to African countries in early 1993, he particularly stressed that it is not good to neglect Africa or try to impose one's own ideas on Africa. People should care about Africa, and respect the choices made by the African nations and their people.

It was learned that before Qian Qichen became China's seventh foreign minister in 1988, he had already visited 21 of the 53 African countries.

Leaves 10 Jan

OW1001144894 Beijing XINHUA in English 1421 GMT 10 Jan 94

[Text] Beijing, January 10 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen left here this evening for Africa.

He will pay a goodwill official visit from January 11 to 21 to Ethiopia, Eritrea, Sudan, Kenya, Madagascar and Mauritius.

During the visit, said officials accompanying Qian at the airport, the foreign minister will exchange views with leaders of the host countries on issues of mutual interest, such as international situation, African affairs and bilateral relations.

Among those seeing Qian off at the airport were Vice-Foreign Minister Tian Zengpei and diplomatic envoys of the host countries in Beijing.

Arrives in Ethiopia

OW1101164194 Beijing XINHUA in English 1618 GMT 11 Jan 94

[Text] Addis Ababa, January 11 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen has arrived here this morning to pay a two-day visit to Ethiopia.

He and his entourage were met at the airport by Ethiopian Foreign Minister Seyoum Mesfin. Chinese Ambassador to Ethiopia Jin Sen was also present on the occasion.

In a written statement issued at the Addis Ababa International Airport, Qian Qichen said "Ethiopia is an important country in east Africa, which plays an important role in regional affairs. During my short visit, I will have the privilege to see for myself the achievements your people have made in various fields and to exchange views with your leaders on international, African and regional issues of mutual concern and on ways to strengthen our bilateral relations."

This is the first stop of Qian's visit to six African countries—Ethiopia, Eritrea, Sudan, Kenya, Madagascar and Mauritius.

Welcomed by Foreign Minister

OW1201000694 Beijing XINHUA in English 2309 GMT 11 Jan 94

[Text] Addis Ababa, January 11 (XINHUA)—Ethiopian Foreign Minister Seyoum Mesfin hailed China's support for the third world at a dinner he hosted in honor of visiting Chinese Vice-Premier and Foreign Minister Qian Qichen today.

In his welcoming remarks, Mesfin said that "we in the transitional government attach a very special importance to our relations with the People's Republic of China."

He said, among the reasons for it, the Ethiopian people have always "considered the support and the assistance of the People's Republic of China as exemplary in international co-operation."

"The Ethiopian peasants in numerous parts of our country have very fond memories of Chinese experts and the work they have left behind will always remain as a monument to the friendship between our two peoples," he said.

"It is not only here in Ethiopia that the People's Republic of China and its people are held in a very high esteem. In the developing world in general, the People's Republic of China is viewed in a special light and is regarded as a true friend of their peoples and a genuine supporter of their causes," he added.

In his reply speech, Chinese Vice-Premier and Foreign Minister Qian Qichen hailed the achievements the Ethiopian transitional government made during the past two years.

Qian Qichen said "as an important country in east Africa, Ethiopia is firmly committed to good-neighboring and regional peace, and has played a positive role in promoting a political settlement of the Somali question, thus winning wide acclaim from the international community."

Ethiopia actively advocates that African countries, under current unfavorable international political and economic situation, unite to strengthen themselves and advocate the African economic integration, he said, expressing deep appreciation of it.

"To consolidate and strengthen unity and cooperation with African countries is an important component of China's foreign policy," the Chinese vice-premier said, adding China supports the African countries in their efforts to strengthen themselves through unity and cooperation and respects their desire to choose the road of development suited to their respective national conditions.

The Chinese vice-premier and foreign minister arrived here today on a two-day visit to Ethiopia at the invitation of Ethiopian Foreign Minister Seyoum Mesfin. During his first day of visit, he held talks respectively with Ethiopian Foreign Minister Seyoum and Chairman of the Constitution Drafting Commission Kifle Wedajo.

Discusses Ties with Foreign Minister

OW1101234294 Beijing XINHUA in English 2303
GMT 11 Jan 94

[Text] Addis Ababa, January 11 (XINHUA)—Ethiopian Foreign Minister Seyoum Mesfin and his visiting Chinese counterpart Qian Qichen held talks here today on the relationship between the two countries and some issues of common concern.

Mesfin said the relations between the two countries are very good, adding that Ethiopia has had a lot of support from and cooperation with China in achieving national unity and economic development.

He hailed the economic development in China as a great success, which he said will be a great encouragement to Ethiopia.

Qian Qichen, who is also Chinese vice-premier, said China treasures the friendship between the two countries and is willing to strengthen the cooperation on the basis of the five principles of peaceful coexistence.

Qian said, the realization of peace in Ethiopia after 30 years of civil war shows what can be achieved by Ethiopia can also be attained by other similar African countries, so long due efforts are made [as received].

The Chinese vice-premier said Ethiopian national economy grows very fast, with a growth rate of 7.9 percent in 1992-93 fiscal year.

Qian Qichen said at a time when Africa is facing many challenges and new difficulties, there have been varied approaches to the continent, some think human rights is the most important for Africa and others think it is the democratization. In the light of the practice of China, we hold that the most important tasks for Africa at present are: firstly to keep political and social stability which is the primary condition for the development of economy, secondly to develop economy which is the central task and fundamental goal of all work. Thirdly reform, only by which can all construction make progress. Stability is the condition, reform is the motive force, while development is the central task.

The Ethiopian foreign minister agreed with the analysis of the Chinese vice-premier, believing that stability and development is inseparable.

Qian Qichen also praised highly Ethiopia's policy of good neighborliness and regional peace.

He said Somali question is the most important one in Africa. China is paying great attention to the development in Somalia and sympathizing with the sufferings of the Somali people.

He said, the Somali issue can only be solved by the Somali people themselves, adding that the key to the peaceful solution of the Somali problem is to achieve a broad national reconciliation in Somalia.

However, Qian noted that the international community should help the Somali people to resolve the Somali issue, but should not do everything in their stead.

He also expressed the hope that all Somali factions could iron out the differences through discussions and dialogues and the Organization of African Unity and countries in the horn of Africa can play an important role in seeking a solution to the Somali issue.

Zimbabwean Parliament Speaker Visits PRC**Welcomed by Qiao Shi**

OW0801130494 Beijing XINHUA in English 1239
GMT 8 Jan 94

[Text] Beijing, January 8 (XINHUA)—The National People's Congress (NPC), China's parliament, is willing to strengthen its exchanges and cooperation with the Zimbabwe parliament, the NPC Standing Committee Chairman, Qiao Shi, said here today when meeting with Zimbabwe Parliament Speaker Nolan Chipo Makombe.

Makombe arrived in Beijing today for a goodwill visit to China at the invitation of the NPC Standing Committee. This is his second visit to China.

Qiao, in welcoming Makombe, said he hoped the speaker's current visit would be a success.

During the meeting in the Great Hall of the People this afternoon, Qiao said China and Zimbabwe had maintained close ties both politically and economically, and "the two countries have enjoyed sound mutual support and cooperation for a long time on the international platform of politics and economy."

He said China is willing to further strengthen its cooperation with Zimbabwe, and will do its utmost to help Zimbabwe in its economic construction.

Makombe expressed thanks for China's long-time support for Zimbabwe.

He said the Zimbabwe parliament has good relations with the National People's Congress, and is looking forward to new cooperation in this field.

Chen Muhua, vice-chairman of the NPC Standing Committee, also took part in the meeting.

After Beijing, Makombe will visit China's largest industrial city of Shanghai and Hangzhou, capital city of east China's Zhejiang Province, both of which he visited in 1986 as president of the Zimbabwe Senate.

Received by Chen Muhua

OW0901132594 Beijing XINHUA in English 1239
GMT 9 Jan 94

[Text] Beijing, January 9 (XINHUA)—Chen Muhua, vice-chairwoman of China's National People's Congress (NPC) Standing Committee, met with Zimbabwean parliament Speaker Nolan Chipo Makombe and his party here this evening.

The two sides had a discussion on issues of mutual interest.

After the meeting, Chen hosted a dinner for the Zimbabwean visitors.

Meets Rong Yiren

OW1001092194 Beijing XINHUA in English 0815
GMT 10 Jan 94

[Text] Beijing, January 10 (XINHUA)—Chinese Vice-President Rong Yiren expressed the hope here today that China and Zimbabwe would tap the great potential for bilateral cooperation in political, economic, cultural and other fields, and further promote their ties of friendship.

Rong made the remarks at a meeting with Zimbabwean parliament speaker Nolan Chipo Makombe and his party at the Great Hall of the People.

Since the establishment of diplomatic ties, Sino-Zimbabwean relations in every field have developed steadily, and there have been frequent contacts at all levels, Rong said.

He expressed the belief that the current visit by Makombe would further promote the friendly ties between the two peoples, the two governments and the two parliaments.

China and Zimbabwe are both developing countries, Rong said, adding that they share common or similar views on major international issues and that they can continue to cooperate with each other in this regard.

Makombe expressed his agreement.

The Zimbabwe Government and its people are grateful to China for its support and assistance, Makombe said, adding that the visit was aimed at expanding the ties between the two parliaments and the two governments.

In response, Rong said China has provided Zimbabwe with some assistance within its means. Yet, China is still a developing country and the assistance is very limited.

He expressed the wish that in the future the two countries would further enhance their mutually beneficial cooperation in the economic and technological fields.

Chen Muhua, vice-chairman of China's National People's Congress Standing Committee, was present at the meeting.

Lesotho Resumes Relations at Ambassadorial Level

OW1201040894 Beijing XINHUA in English 0343
GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—The Chinese Government and the Lesotho Government decided to resume bilateral diplomatic relations at ambassadorial level as from today.

A joint communique to this effect was signed by Chinese Ambassador to Kenya Chen Pingchu and J.T. Motising, high commissioner of Lesotho to Kenya, on behalf of each other's government, in Nairobi, capital of Kenya, on December 30, 1993.

The full text of the joint communique is as follows:

"The government of the People's Republic of China and the government of the Kingdom of Lesotho, in conformity with the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful co-existence, have decided to resume diplomatic relations at ambassadorial level effective from 12 January, 1994.

"The government of the People's Republic of China and the government of the Kingdom of Lesotho have agreed to exchange ambassadors and facilitate the resumption of work by each other's embassy.

"The government of the People's Republic of China supports Lesotho in its efforts to safeguard state sovereignty and develop the economy. The government of the Kingdom of Lesotho recognizes that the government of the People's Republic of China is the sole legal government of China and Taiwan is an inalienable part of Chinese territory. The government of the People's Republic of China appreciates the above position of the government of the Kingdom of Lesotho."

Lesotho established diplomatic ties with China in 1983 after severing its "diplomatic relations" with Taiwan.

In April, 1990, Lesotho announced that it resumed "diplomatic relations" with Taiwan. China promptly announced the termination of its diplomatic relations with Lesotho.

West Europe

NPC Official Previews Qiao Shi's European Tour OW1201131994 Beijing XINHUA in English 1258 GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—The upcoming visit to three West-European countries by Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, will be another major move to promote contacts between the NPC and foreign parliaments, following his five-ASEAN nation tour last year.

These remarks were made by Cao Zhi, secretary-general of the NPC Standing Committee, at a meeting here today with Chinese correspondents who are going to cover the event.

He said the upcoming visit shows that China places great importance on its cooperation with Germany, Switzerland and Austria in the fields of politics, economy and trade, science and technology as well as culture.

It is also a symbol that China desires to develop its long-term and stable friendly ties with the three countries, based on the principles of seeking common ground while reserving differences, mutual respect, non-interference in each other's internal affairs and equality and mutual benefit.

Qiao is scheduled to pay an official goodwill visit to the three countries from January 16 to 30 at the invitation of the Presidium of the Bundestag of Germany, President Gert Haller of the National Council of the Federal Assembly of Switzerland, and President Heinz Fischer of the National Council of Austria.

Qiao is China's first NPC chairman to visit West European countries, Cao said.

He noted that the diplomatic work of the NPC and its Standing Committee is an important component part of China's entire diplomacy.

To conduct friendly contacts in a planned way between the NPC and its standing committee on the one hand and foreign parliaments on the other, according to China's foreign policies and principles, is of great significance to deepening mutual understanding and friendship, promoting the state-to-state relations and creating a better international environment for the country's modernization drive and reform and opening to the outside world, he said.

Cao said between July and August last year, Qiao paid a successful visit to the five ASEAN nations of Indonesia, Malaysia, Singapore, Thailand and the Philippines, which strengthened bilateral relations and regional economic cooperative ties.

The visit also pushed forward the friendly ties and cooperation between the NPC and the ASEAN countries' parliaments, contributing to safeguarding the regional peace and stability, he said.

Cao disclosed that during his visit, Qiao is expected to exchange views with the parliament and government leaders of the three countries on bilateral relations, exchanges and cooperation between the NPC and the those parliaments as well as international issues of common concern.

Qiao will also visit some enterprises, scientific and research institutions, schools and ports and make wide contacts with personages from all walks of life, he added.

Cao said China has enjoyed a long history of friendly contacts and traditional friendship with Germany, Switzerland and Austria.

The recent years have witnessed sound growth of bilateral relations in political, economic, cultural, scientific and technological fields. The exchange of visits between the NPC and the parliaments of these countries has increased, thus bringing their relationship closer, Cao said.

He said the NPC is ready to further its relationship with the parliaments of the three countries, maintain its frequent exchanges of visits with their parliamentary leaders.

He expressed the belief that QIAO's visit is bound to give an impetus to the promotion of the ties between

China and these three countries and exchanges and cooperation between the NPC and the parliaments in these countries.

French Prime Minister To Visit in 'Near Future'

OW1201110294 Beijing XINHUA in English 1053
GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—China and France have decided to restore their traditional relations of friendly cooperation, and French Prime Minister Edouard Balladur will pay an official visit to China in the near future, according to a Sino-French joint communique issued here today.

This is the result of the talks held when Jacques Friedmann, special envoy of Balladur, paid a visit to Beijing toward the end of last year.

During his visit to China from December 23 to 28, 1993, Friedmann met with Chinese Premier Li Peng and vice-premier and Foreign Minister Qian Qichen and held talks with Vice-Foreign Minister Jiang Enzhu.

According to the communique, the two sides have reached some conclusions through these talks. Both held that China and France should restore their traditional friendly relations and cooperation on the basis of the principles according to which the two countries established their diplomatic relations.

The communique also says that China and France have agreed that French Prime Minister Edouard Balladur will pay an official visit to China in the near future.

'Full Text' of PRC-French Communique

CM1201154994 Beijing XINHUA Domestic Service in Chinese 1103 GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—Following is the translation of the full text of the joint communique between the Government of the People's Republic of China and the Government of the Republic of France:

Mr. Jacques Friedmann, special envoy of Mr. Edouard Balladur, prime minister of the Republic of France, paid a visit to Beijing from 23 to 28 December, 1993.

Mr. Jacques Friedmann was received by Premier Li Peng and Vice Premier and Foreign Minister Qian Qichen, and had talks with Vice Foreign Minister Jiang Enzhu.

The two sides have reached the following conclusions through these talks:

Both sides believe that China and France should restore their traditional friendly relations and cooperation on the basis of the principles on which the two countries established diplomatic relations.

The Chinese side has reaffirmed its consistent position on the question of Taiwan. The French side has confirmed that the French Government recognizes the Government of the People's Republic of China as the sole legal government of China and Taiwan as an integral part of Chinese territory.

The Chinese side reaffirms that arms sale of any type to Taiwan will bring harm to China's sovereignty, security and reunification, and that the Chinese Government will be firmly opposed to that. In view of the concerns of the Chinese side, the French Government has undertaken not to authorize any French enterprises to participate in the arming of Taiwan.

The Chinese Government and the French Government wish to intensify their political consultations, hold regular meetings and develop economic and trade cooperation between them. The Chinese side welcomes participation by French enterprises in competition on the Chinese market on an equal footing.

The two sides have agreed that Mr. Edouard Balladur, prime minister of France, will pay an official visit to China in the near future.

Political & Social

Deng Expresses 'Anger' Over Mao Celebrations

HK1201075694 Hong Kong SOUTH CHINA MORNING POST in English 12 Jan 94 p 1

[By Willy Wo-Lap Lam]

[Text] Factional strife within the Chinese Communist Party has flared after patriarch Deng Xiaoping expressed anger over the way celebrations of the centenary of Chairman Mao's birthday had been "overplayed".

The 89-year-old senior leader also indirectly criticised the Politburo for failing to stop the partial revival of Maoism that went along with the festivities.

According to Chinese sources, Mr Deng earlier this month gave vent to his dissatisfaction over the Mao celebrations while he was on holiday in Shanghai.

"Who is behind the festivities?" he asked city officials, referring to the hundreds of Mao-related events held throughout the country in the run-up to Mao's birthday on December 26.

The sources said Mr Deng made an indirect reference to "underground general secretary" Deng Liqun, the conservative elder and former propaganda chief who had orchestrated the celebrations. The patriarch also expressed dismay at how his ideological foes had been given almost free rein.

It is understood Mr Deng was aware that the leftists had used the commemorative activities to reinstate Maoism and disparage the past 15 years of reform. Knowing that it would be against party decorum for him to lay down restrictions on Mao celebrations Mr Deng left Beijing about December 6 without issuing instructions on the subject. The only thing he did was to acquiesce in the suggestion of a member of his personal office that Deng Liqun, dubbed Little Deng by Western diplomats, should be told not to make any speeches or to write articles for the centenary.

An informed source said, however, that the patriarch was nonetheless shocked by the number and pervasive influence of the festivities. The source said while Mr Deng's anger was primarily aimed at Little Deng and his fellow ideologues, he was unhappy with how the Politburo, including President Jiang Zemin, had handled the issue.

"Members of the Politburo Standing Committee including Jiang Zemin, had in early December asked the patriarch at least three times how they should conduct the celebrations," the source said. "But Deng refused to say anything." While talking to local cadres in Shanghai, however, Mr Deng continued to express his confidence in the "third-generation leadership with comrade Jiang Zemin as its core". "They have done a good job with the economy," Mr Deng reportedly said.

Sources in Shanghai said Mr Deng would likely stay in the area until the Lunar New Year.

Li Peng Inscribes for New Reform Newspaper

OW1201080294 Beijing XINHUA in English 0725 GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—The first issue of CHINA'S REFORM, a newspaper specialising in reports on the country's ongoing policies of reform and opening to the outside, was published here today.

Li Peng, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee and premier of the State Council, wrote a congratulatory inscription for the newspaper.

Li encouraged the paper to "emancipate the mind, seek truth from facts, and concentrate on quality reporting".

Its first issue carries an article by State Councillor and Minister in Charge of the State Commission for Restructuring the Economy Li Tieying, entitled "Congratulations and Hope".

The newspaper, published by the commission, will appear six times in the first two months, but starting from March will appear every Tuesday and Friday.

Rong Yiren Interviewed by Japanese TV

OW1201072694 Tokyo ASAHI Television Network in Japanese 0161 GMT 9 Jan 94

[Interview with PRC Vice President Rong Yiren by Hajime Takano, managing editor of INSIDER, in Beijing, date not given; from the "Sunday Project" program—recorded, Rong speaks in Chinese with superimposed translation into Japanese]

[Text] [Video shows Rong Yiren sitting on a sofa in an office] I have done only a little for China's open policy. After China began pursuing the open policy, I met from time to time with Mr. Deng Xiaoping at meetings of the central government. I also had opportunities to meet with Chairman Mao Zedong, Premier Zhou Enlai and Marshal Zhu De. I met with CPC leaders when they needed an urgent discussion with me about the Chinese Government's policies. At the time, Mr. Deng asked us to make full use of our experiences to contribute to pushing for China's open up policy. In particular, Mr. Deng asked me to work to attract foreign capitals. I immediately visited Germany, France, Switzerland, Japan and the United States and Australia. I briefed people there on China's reform and open up policy and they responded to my briefing, saying the policy was fresh and splendid.

I believe that the underlying strength, that has developed the China International Trust and Investment Corporation [CITIC] as it is today, is China's reform and open up policy. All employees of the CITIC have worked hard and foreign entrepreneurs have been convinced that

there will be no change in China's reform and open up policy. I believe that these have contributed to the development of the CITIC.

[Hajime Takano] Mr. Vice President, I would like to ask what role overseas Chinese have played in developing China's economy?

[Rong Yiren] I believe that the issue of overseas Chinese is a very complicated one. Some overseas Chinese already hold dual citizenship. I hope that they will cooperate with China's economic development while abiding by laws of countries where they live. If those overseas Chinese hope to carry out economic and investment activities for China and countries where they live, we will of course welcome their hopes.

[Takano] The creation of a grand China economic sphere has frequently been reported by newspapers and magazines. I would like to ask about the possibility of forging such an sphere.

[Rong] Taiwan is part of China, and Hong Kong is set to revert to the Chinese rule in 1997. Macao, too, will revert to Chinese rule in 1999. These regions hope to build a cooperative relationship with China. We intend to discuss with people there how to develop the regions and China, while cooperating with them. We have never talked of a great China economic sphere. I do not think that China supports such a concept.

Li Ruihuan on Democratic Construction

OW1101121594 Beijing XINHUA Domestic Service in Chinese 1011 GMT 30 Dec 93

[Text] Beijing, 30 Dec (XINHUA)—As the year 1993 is about to end, Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee and chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee, and Wang Zhaoguo, vice chairman of the CPPCC National Committee recently visited the central organs of the Revolutionary Committee of the Chinese Kuomintang, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting Democracy, the Chinese Peasants' and Workers' Democratic Party, the China Zhi Gong Dang, the Jiusan Society, and the Taiwan Democratic Self-Government League.

When Li Ruihuan visited the offices of the central committees of these democratic parties' he shook hands with their leaders, extended his best regards to them, heard briefings about their situations, and solicited their views. Applause and laughter could frequently be heard wherever he visited.

Li Ruihuan had separate heart-to-heart talks with the leaders of the eight democratic parties' central committees. Speaking in a warm and friendly atmosphere, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Lu Jiaxi, Li

Peiyao, Cai Zimin, Yang Jike, and Hao Yichun expressed important views on many issues.

Recalling the history of the united front, Li Ruihuan said: This year is the centennial of Comrade Mao Zedong. Concerning Comrade Mao Zedong's precious legacy, the thinking and theory about the united front are particularly important. Comrade Mao Zedong gave equal importance to the united front, armed struggle, and party building, describing them as the three magic weapons. We should thoroughly study this observation. The quintessence of Mao Zedong's united front thinking lies in the fact that Chinese Communists must strive to unite with their allies, unite all forces that can be united with, and mobilize all positive factors to form a mammoth revolutionary and construction army, and do everything possible to minimize hostile forces and problems so as to achieve the historic missions of national liberation and national rejuvenation, and push the revolutionary and construction cause forward. This shining thinking of Comrade Mao Zedong still has important guiding significance during the new historical period.

Commenting on building a socialist democracy, Li Ruihuan said: While we do not reject democracy, we firmly oppose certain foreign forces' interference in our internal affairs under the banner of "democracy," and we also oppose any act of indiscriminately transplanting or copying other countries' democratic systems. We always believe that democracy is an important benchmark of social progress and an inevitable trend of historical development. China's Constitution, the CPC Charter, and the report of the 14th National Party Congress have all stated that building a prosperous, democratic, and civilized socialist modern country is our objective. We also believe that the form of democracy of a country as well as the process by which it achieves democracy must be determined by the situation of this country. Instead of having genuine democracy, there may even be chaos if we simply demand democracy without considering the country's situation. Facts have proved that the people's congress system and the system of multiparty cooperation and political consultations under the CPC leadership are socialist democratic systems in line with China's situation. We must make genuine, effective, and consistent efforts to expedite China's democratic construction.

Speaking on the roles played by democratic parties, Li Ruihuan said: China's reform, opening up, and modernization endeavors have now entered a new stage of development, and the 14th party congress and the Third Plenary Session of the 14th CPC Central Committee have put forth the grand and formidable mission of building a socialist market economic system. If the people in our country do not work hard together, this mission cannot possibly be accomplished. Since you democratic parties have large numbers of talented people and a great pool of intellectual resources, and your connections are extensive, the roles you play during this historic change are irreplaceable. You should and can mobilize the masses you have ties with to contribute

their strengths, resources, and efforts to the gigantic cause of building a socialist market economic system. Party committees and governments at all levels should maintain close ties with democratic parties and attach importance to giving full scope to democratic parties' roles and listen and respect their members' views.

During the meetings, some democratic party leaders expressed views on expanding their organization, replacing the old leading groups, and organizational development. They also frankly reflected the practical problems about their working conditions. Li Ruihuan said: We have stressed long-term coexistence, mutual supervision, multiparty cooperation, and political consultations; but these things must be predicated on the other side's existence and development. Democratic parties' hard work is essential for their development. As the leader in multiparty cooperation, the CPC also has the responsibility of helping democratic parties do a good job in this respect. Li Ruihuan pointed out: Respecting and heeding the interests of democratic parties and people of all walks of life and performing good and practical services for them are concrete united front projects which the CPC must do to demonstrate its readiness to serve the people wholeheartedly, which is the objective of the CPC, and these projects are also important means to enable the united front to become more cohesive and to have greater appeal under the new situation. All CPC committees must consider it their responsibility to assist democratic parties improve their working conditions and solve their practical problems. The purpose of our visit is to establish ties with you [ren men 6126 7024], seek your advice, have heart-to-heart talks with you, and serve you. Party leaders at all levels must perform more good and practical services for democratic parties by demonstrating the communists' broadmindedness and high sense of responsibility.

Hu Jintao Inspects Yunnan, Views Party Building

OW1101013794 Beijing XINHUA Domestic Service in Chinese 0717 GMT 24 Dec 93

[By XINHUA reporter Xu Zugen (1776 4371 2704) and YUNNAN RIBAO reporter Luo Jie (5012 2638)]

[Text] Kunming, 24 Dec (XINHUA)—During an inspection tour of Yunnan, Hu Jintao, Standing Committee member of the Political Bureau and member of the Secretariat of the CPC Central Committee, emphasized that it is imperative to attach great importance to strengthening and improving party construction, to bring into play the party's role as the core of leadership, and to steadfastly build up the party in the process of establishing a socialist market economic structure while implementing the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, concentrating efforts on promoting economic construction and ensuring a good job in reform and opening up.

From 16 to 24 December, Comrade Hu Jintao, accompanied by Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, and provincial governor He Zhiqiang, inspected enterprises in Dehong, Yuxi, and Kunming; visited the development zones and open ports in Ruili and Wanding; and called on farm households, veteran party members and cadres in ethnic minority villages and urban neighborhoods as well as ethnic minority teachers in Luxi. While in Kunming, he listened to briefings by leaders of the provincial party committee and provincial government, and spoke at a meeting with members of the first study class on Volume 3 of the *Selected Works of Deng Xiaoping*, which was attended by leading cadres at and above the county level in Yunnan.

Hu Jintao said that from what he had seen and heard over the previous few days, he was impressed with Yunnan's great change and rapid progress over the past 15 years. He said: The province is full of vitality, and enjoys high economic growth, social and political stability, greater unity of nationalities, and an improved livelihood for its people. All of these prove the correctness of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the party's basic line, principles, and policies which have been formulated under the guidance of this theory. They also testify that the Yunnan Provincial CPC Committee and the provincial government have proceeded from the actual condition in the province in resolutely and earnestly implementing a series of policy decisions and plans adopted by the party Central Committee, and that party organizations in Yunnan are full of fighting spirit. He exhorted party organizations at all levels and cadres and people at large, to be guided by the theory of building socialism with Chinese characteristics, comprehensively implement the guidelines of the 14th CPC National Congress and the Third Plenary Session, to seize the opportunity, deepen reform, and accelerate development, thereby pushing Yunnan's work in all fields to new heights.

During his tour of Yunnan, Hu Jintao studied and familiarized himself, in particular, with the issue of further strengthening and improving party construction in the process of expediting the establishment of a socialist market economic structure. In this connection, he attended and spoke at a discussion in Kunming with directors of the organization departments of the provincial party committee and party committees of some autonomous prefectures and cities directly under the provincial government.

He said: The organizational line must be dictated by, and must serve the political line. In conducting work related to party building, it is necessary to bear in mind the overall situation of socialist modernization and carry out work in close conjunction of the party's central task. The correct orientation and guiding ideology for party building should be to constantly strengthen and improve party construction while implementing the party's basic line and carrying out the party's basic task. In conducting

work related to party building, we should continue to take Comrade Deng Xiaoping's theory of socialism with Chinese characteristics and the party's basic line as our guide. According to the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee and the requirements set by Comrade Jiang Zemin in his recent speeches, we should focus our attention on the central task of economic construction, and work hard to adapt ourselves to the new situation of deepening reform and expediting development—especially the establishment of a socialist market economic structure—by further emancipating our minds, persisting in seeking truth from facts, and actively studying new circumstances and exploring new ways to solve new problems. We should conscientiously uphold the party's character as the vanguard of the working class and the fundamental goal of serving the people wholeheartedly by comprehensively improving the party ideologically, organizationally, and in its style of work; and by further strengthening the rallying power, appeal, and fighting spirit of all party organizations to promote reform, development and stability, thereby bringing into better play the party's role as the core of leadership.

Discussing the main tasks of party building, Hu Jintao said: We should organize party cadres and members to study Volume 3 of the *Selected Works of Deng Xiaoping* and further arm the entire party membership with the theory of building socialism with Chinese characteristics. We should continue to pay keen attention to improving the competence of leading bodies at all levels; make determined efforts to strengthen grass-roots party organizations; and carry out the anti-corruption drive in a thoroughgoing and sustained manner.

He emphasized: Diligently studying and mastering the theory of building socialism with Chinese characteristics to enhance the entire party membership's theoretical understanding of Marxism is the ideological guarantee for accomplishing the party's great historic mission in the new era, as well as the most important task in party building. So far, a good beginning has been made in studying the theory of socialism with Chinese characteristics by all party members. We should continue to pay keen attention to the study by leading cadres, and should urge them to increase their awareness in study and to further integrate theory with practice. The pressing task at the moment is, by combining the study of Volume 3 of the *Selected Works of Deng Xiaoping* with the party Central Committee's decision on establishing a socialist market economy, to further encourage emancipation of the mind by cadres, and increase their understanding of the pertinence and urgency in initiating a brand new economic structure in China, thereby firing their enthusiasm for reform and building up their confidence in improving work in all fields.

Urging all party committees to constantly strengthen their leadership over party building, Hu Jintao said: The key to accomplishing the various difficult tasks in the nineties and advancing the cause of building socialism

with Chinese characteristics lies in an effective party leadership. To further improve the party, it is of crucial importance that all party committees conduct work in an earnest and responsible manner. The principle that "the party administers party affairs" must be implemented through, first and foremost, the handling of party affairs by all party committees and their top leaders.

Ren Jianxin Addresses Crime Issue

OW1201045494 Beijing XINHUA Domestic Service in Chinese 1232 GMT 27 Dec 93

[By RENMIN RIBAO correspondent Mao Lei (3029 4320) and XINHUA correspondent Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 27 Dec (XINHUA)—Ren Jianxin, member of the Secretariat of the CPC Central Committee and president of the Supreme People's Court, said today the basic tasks for all levels of the people's courts in 1994 will be: to continue to severely crack down on serious criminal activities, guided by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and by the guidelines set forth at the Third Plenary Session of the 14th CPC Central Committee; to do an even better job on trying major and important cases, particularly major economic criminal cases; to vigorously regulate economic relationships; to protect the legitimate rights and interests of citizens, corporations, and other organizations in a down-to-earth manner; to strictly enforce the law; to raise the level of judicial work; to help maintain social stability; to promote a clean administration building; and to expedite the establishment of a socialist market economy. To put it briefly, courts need to raise their prestige by seriously cracking down on crime, to produce results in handling major and important cases, and to achieve major progress in regulating economic relationships; they also need to raise the level of judicial work in a comprehensive manner.

Ren Jianxin proposed the above tasks today at the opening of the National Conference of the Presidents of the People's Higher Courts. Ren Jianxin noted next year will be a critical one for achieving all-round progress and for making major breakthroughs in reforming the economic system. Deepening reform, expediting development, and maintaining stability are the priority and important tasks for the entire party and for people throughout the nation.

Ren Jianxin said social stability is the necessary premise and guarantee for developing the economy. As a whole, the current situation is good; however, factors for instability still remain. The social order is still grim. The increase in the number of major vicious criminal cases and the terrible social order are "hotpoint" issues which cause great concern among the masses.

Therefore, Ren Jianxin pointed out the need for local courts to continue to persist in their severe crackdown and to severely crackdown on those criminal activities

which seriously endanger the national security, sabotage social stability, and disrupt social order. It is necessary to timely launch special anti-crime campaigns in areas where criminals run rampant and to engage in concentrated crackdowns against criminal activities which arouse the people's indignation. We must swiftly hand down heavy sentences to criminals and should never be soft-hearted towards them. The purpose of the severe crackdown is to create momentum, to raise our prestige, to produce marked social effects, and to help create a peaceful and satisfactory social environment for the masses.

While engaging in the severe crackdown, Ren Jianxin also called on court presidents to become more involved in the comprehensive management of social order, to creatively spread the concept of law among the masses, to sum up the court's work, and to vigorously explore new ways for the courts to implement the party's mass line under the new situation.

Ren Jianxin stressed that the government will continue to exert great efforts in reform next year. He said a new breakthrough is expected to be made in reform next year, particularly in establishing a modern enterprise system and market structure as well as in the areas of finance, planning, investment, and foreign investment. Both the interest pattern of the old system as well as the various unreasonable interest patterns which developed in the course of system changes are expected to undergo great changes. Therefore, new contradictions and confusion are bound to rise.

To adapt to the changes in and readjustment of the pattern of the state's economic system, he said the courts should achieve fresh breakthroughs in economic trial work next year in addition to making new progress in civil and administrative trial work. They must make still better use of the law as a means to timely regulate economic relationships according to law; to standardize the behavior of the market economy; to protect legitimate competition and fair trade; to help the market thrive; to correctly and properly handle the contradictions among the people; to safeguard the legitimate rights and interests of the citizens, corporations, and other organizations according to law; to directly provide effective legal services for establishing a socialist market economy system; and to help create an excellent legal environment for the orderly operation of the market economy.

Wei Jianxing Addresses Trade Union Meeting

OW1201043094 Beijing XINHUA Domestic Service in Chinese 0804 GMT 23 Dec 94

[By Central People's Broadcasting Station correspondent Li Renzhu (2621 0088 0031) and XINHUA correspondent Li Niangui (2621 1628 6311)]

[Text] Beijing, 23 Dec (XINHUA)—At the Second Presidium meeting of the 12th Executive Committee of the All-China Federation of Trade Unions [ACFTU] which

ended today, ACFTU President Wei Jianxing called on trade unions [TU] at all levels to enhance their consciousness of opportunity and their sense of the overall situation, and to fulfill the duties of a TU in promoting development of the overall situation.

Touching on the arrangement for next year's work for the ACFTU, Wei Jianxing stressed it is necessary to successfully carry out the following five tasks in a down-to-earth manner: 1) persist in focusing efforts on economic construction and treat the promotion of economic development as the central task of the TU's; 2) take active part in reform and promote reform by laying emphasis on successfully transforming the operating mechanisms of state enterprises and establishing a modern enterprise system; 3) play an active role in establishing a stable labor relationship, in maintaining the legitimate rights and interests of staff and workers, and in maintaining social and political stability; 4) take more part in legislation and policies, and give full play to the role of TU's as a democratic channel and in social regulation; and 5) strengthen the building of contingents of staff and workers.

Wei Jianxing pointed out: In the face of heavy and complicated reforms next year, TU's must unite and mobilize the broad masses of staff and workers to stand steadfastly in the forefront of reform and to vigorously support, participate in, and promote reform by laying emphasis on successfully transforming the operating mechanisms of state enterprises and establishing a modern enterprise system. He said transforming the operating mechanisms of state enterprises and establishing a modern enterprise system are the basis for the establishment of a socialist market economy, the orientation for the reform of state enterprises, and the focal point for the next-step assault on fortified positions and for our TU work. He believed implementation of the fundamental policy—rely on the working class wholeheartedly—must not change in socialist China. So long as the role played by the public ownership of enterprises as the principal part remains unchanged, the position of staff and workers as the masters of enterprises; their rights to exercise democratic management of, democratic participation in, and democratic supervision over enterprises through staff and workers' congresses and through other forms; and the rights of enterprise TU's to represent and maintain the legitimate rights and interests of staff and workers, as well as to independently conduct work according to laws and according to TU regulations, shall remain unchanged no matter how state enterprises' operating mechanisms are transformed.

Wei Jianxing stated: Stabilizing labor relationships and maintaining the legitimate rights and interests of staff and workers is an important social responsibility of TU's. There is a lot of work to do now. Four points must be stressed: First, we must show concern for the livelihood of staff and workers who encounter difficulties. Second, we must attach importance to production safety. Third, we must maintain the legitimate rights and interests of staff and workers of enterprises, and in particular,

of foreign-invested enterprises and private enterprises. Serious infringement on the legitimate rights and interests of staff and workers, and even violation of their personal rights and insult to their human dignity, have occurred from time to time among these enterprises. We must pay close attention to such phenomena. Fourth, we must quicken the pace of establishing experimental TU's for village and town enterprises. He said: TU's represent staff and workers to participate in administration of state and social affairs and in democratic management and democratic supervision of enterprises and institutions. This is a great trust placed by the party in TU's, a demand set by staff and workers on them, and a right vested by law in them. TU's at all levels must make efforts to enhance their law consciousness and must take the initiative to successfully fulfill their duties of participation with perfect assurance.

The presidium meeting opened on 20 December. It was convened mainly for the purposes of studying and implementing the "Decision" of the Third Plenary Session of the 14th CPC Central Committee and determining the ACFTU's major tasks in 1994 in the light of the actual conditions of TU work. In addition, it heard a report on the investigation of the serious "19 November" fire accident at Shenzhen and discussed how to improve TU work among foreign-invested enterprises.

Minister Addresses Educational Reform, Projects

On 'Intensifying' Reform

OW1201122694 Beijing XINHUA Domestic Service in Chinese 0953 GMT 11 Jan 94

[By reporter Yin Hongzhu (1438 7703 4376)]

[Text] Beijing, 11 Jan (XINHUA)—Addressing a teleconference called by the State Education Commission today to discuss educational projects in 1994, Zhu Kaixuan [minister in charge of the State Education Commission], pointed out that 1994 is a year crucial for intensifying educational reform and fully implementing the educational "program." Education workers in the country, he said, must work hard with higher morale, explore with daring, and be brave to do practical work so that educational reform and development can reach a higher level.

After recalling China's educational development in 1993 in his work report, Zhu Kaixuan pointed out: While the situation was generally satisfactory, we must realize that the country is still confronted with certain educational problems: There is insufficient coordination between the reform of the educational system on the one hand and economic reform, reform of science and technology management, and reform of the political system on the other; the shortage of educational budgets has intensified; the mechanisms governing educational investment cannot keep pace with needs in educational development and needs in various social quarters; teachers' pay remains low, and problems concerning delinquent salary

payments for teachers have not yet been fully resolved; in some localities and schools, the ranks of teachers are unstable and the rates of school dropouts have increased; in some localities and schools of higher education, the conditions for educational operations cannot keep pace with the rapid increase of students, giving rise to new managerial problems; and there is also the problem concerning inadequate macroscopic regulation and control for educational reform. We must deal with these problems as quickly as possible through deepening educational reform.

On the 1994 assignments, Zhu Kaixuan pointed out: The nation's educational development for the time to come will focus on basic education, especially the "two basic projects"—basic universalization of the nine-year compulsory educational system and the project of basically wiping out illiteracy among growups. We must firmly implement the nine-year compulsory educational system as the law requires. On the basis of the State Education Commission's principles and objectives that there should be regional planning, difference guidance for different projects, and plans for step-by-step implementation, all provinces, autonomous regions, and municipalities directly under the central government's jurisdiction must also draw up specific nine-year compulsory educational development plans that can be implemented by all counties and townships step by step. Meanwhile, we must also study and draw up policies and measures for popularizing compulsory education for specific numbers of years in remote, impoverished regions. Schools of higher education must fully implement the general policy that "their sizes must be larger, their quality must be better, their structures must be more rational, and their efficiency must be noticeably higher." The enrollment and growth of schools of higher education must be appropriate. They should give priority to improving their quality, restructuring their organization, improving their efficiency, and improving their operating conditions. We should arouse the enthusiasm of schools operated by central departments and local authorities to set up schools through forming all types of partnership programs so that significant headway can be achieved this year in reforming the system governing educational operations by government departments and the system governing educational investment. Provincial, regional, and municipal authorities should be given greater power gradually to make overall planning for the development of higher education in areas under their jurisdiction. Schools of higher education, and specialized secondary vocational training schools must energetically expedite the process of reforming their systems governing enrollment, collection of fees, and graduates' job assignment. Priority should be given to replacing the system whereby the state is responsible for students' tuitions and post-graduate assignment with a system whereby the students have to pay their own tuitions and have to find jobs themselves; and to improving the systems governing scholarships, student loans, and work-study programs.

Zhu Kaixuan said: For vocational education, we must encourage all trades and professions to work with people

in all social quarters to set up schools through forming partnerships; and enterprises, in particular, must fulfill their obligations in this regard. We must have stronger teacher-training projects and we must improve the system for hiring teachers on the basis of their performance. We should encourage the use of the dual credentials system [shuang zheng zhi 7175 6086 0455] and improve all services facilitating the development of vocational education. We should assign some major vocational training colleges to set up professional training classes on an experimental basis to promote reform and construction of professional universities. We should actively develop all kinds of vocational education for students that graduate from junior and senior middle schools. Meanwhile, we should continue to designate certain counties to experiment with educational reform and designate certain townships to demonstrate the "prairie fire program;" and then we should pay attention to promoting their experiences in other areas to promote "unified planning among three forms of education" [san jiao tong chou 0005 2403 4827 4693] and integration of agricultural production, scientific research, and education. We should also continue to make sure that cities and enterprises designated to carry out experimental comprehensive educational reform will accomplish their assignments. For adult education, we should continue to give priority to on-the-job training and follow-up education and encourage all trades and establishments to set up and improve their on-the-job training programs, certification programs, qualification test and evaluation programs, and follow-up training programs. Townships, towns, and villages must properly operate their literacy and technical schools offering technical training. They should implement the "green certificate" system to intensify the training for workers of township and town enterprises. Radio, television, correspondence, and other means should be used to provide follow-up post-high school education for people in society, especially those in medium and small cities and remote areas.

Speaking on ensuring educational investment and raising teachers' pay, Zhu Kaixuan said: This year, the state has allotted a noticeably higher budget for educational institutions whose operations fall under the national budget. We should set up and gradually increase the special funds for central, provincial, county, and township governments for supporting compulsory education. Financial and taxation authorities should come up with, as quickly as possible, the proportion of educational fees to be collected in cities and rural areas after tax reform, as well as the measures for collecting those fees. Provincial governments and central departments and committees should work together to readjust and standardize the amounts of tuitions and miscellaneous fees to be collected in all types of schools. Based on the principle for unifying administrative and financial powers, we should study and come up with views about administrative educational departments joining governments of corresponding levels in budgeting educational funds. We should study ways to improve rural areas' measures for raising educational funds, earnestly solve

the problems about investment in building middle and primary school buildings, set up educational trust and investment companies, and make preparations for setting up the "China Foundation for Educational Development." He said: We must earnestly implement the plan for reforming teachers' pay scales, central and local authorities must both take effective measures to speed up construction of teacher housing. Those areas which still have not paid teachers' salaries must be seriously handled lawfully according to their situations. Mechanisms for guarding against delinquent payment of teachers' salaries must be devised.

Zhu Kaixuan said: Leading comrades of central authorities have agreed in principle to call a national educational conference during the first half of this year to mobilize the whole party and the whole society to implement the strategy of giving priority to educational development and implement the "program" [for educational development]. The conference will come up with additional views and measures for China's educational reform and development.

Continues Anti-Illiteracy Campaign

OW1101131294 Beijing XINHUA in English 1226
GMT 11 Jan 94

[Text] Beijing, January 11 (XINHUA)—China is to lift at least four million out of illiteracy this year, a top official has vowed.

Zhu Kaixuan, minister in charge of the State Education Commission, said in a national telephone meeting on education here today that, if programs go according to this plan, China will be able to give all its grown-ups the ability to read.

For several years, China has strictly and firmly rescued about four million from illiteracy annually.

The illiteracy rate for the total population has dropped from 80 percent in 1949 to 16 percent today, accounting for the young and adults.

"Elementary education will be the key for all national education in the coming years," Zhu said. "We will map out measures to help poor regions popularize compulsory education and revise the current examination methods on anti-illiteracy progress."

About 90 percent of Chinese illiterates are rural people, with the majority being females living in poverty-stricken areas.

Yet, Zhu emphasized other aspects of education, which will consolidate anti-illiteracy achievements, such as professional education, adult education and higher learning.

A new mechanism will be gradually introduced on college campuses, which requires more students to pay for tuition and choose jobs by themselves, he revealed.

And the Education Commission will draft more than 20 laws and regulations this year to provide more legal protection for the sector, including the law of education and the regulation for foreigners to run schools in China, the minister added.

Nation To 'Increase' Funding

OW1101134194 Beijing XINHUA in English 1330
GMT 11 Jan 94

[Text] Beijing, January 11 (XINHUA)—The State Education Commission has submitted a draft plan to the State Council for an increase in China's education funding, a top official announced.

Zhu Kaixuan, minister of the State Education Commission, said at a national education telephone meeting here today that the plan is based on an evaluation of the total financial need in education during 1993-2000.

He said that his commission has discussed with the Finance Ministry about issues of collecting education taxes from social services and exempting taxes on school-run factories, which will fall in line with finance reform this year.

Insufficient education funding, which has dogged China's educational progress for years, remains one of the major problems. Another problem is low teacher pay.

Zhu said that China will set up an education trust and investment company as well as an education development fund shortly, in an effort to solve these problems. Meanwhile, an evaluation system will be established to monitor and prevent misappropriation of teaching money.

"The proportion of education investment prescribed in the state budget must see an obvious increase," he urged, also stressing the establishment and increase of a special allocation at the central and local financial levels for supporting compulsory education.

He called on provincial governments and central ministries to determine suitable standards for school tuition fees, which are now too freely set.

"We will study the idea to let education departments join the education budget-making process in the relevant governments, improve the policy to collect money for developing rural education, and build a mechanism to finance the building of classrooms," he said.

As to raising teachers' salaries, he noted that a reform will soon be proposed by the Education Commission and the Personnel Ministry. And severe punishments will be imposed on those who delay paying teachers' salaries.

Paying Arrears of Teachers' Wages Urged

OW1201130294 Beijing XINHUA Domestic Service in Chinese 1029 GMT 11 Jan 94

[Text] Beijing, 11 Jan (XINHUA)—A spokesman for the State Education Commission recently addressed a news conference, saying: New progress has been made recently in solving the problem of middle and primary school teachers' wages in arrears, a problem which the whole society is concerned about. The total amount of the middle and primary school teachers' wages in arrears across the country dropped to 309 million yuan at the end of 1993 from 1.43 billion yuan in September 1993. The State Education Commission has called on all localities to pay more attention to solving the problem and pay all the arrears before the Spring Festival.

According to reports from various localities, teachers' wages have never been in arrears in Beijing Municipality and Tibet Region; 17 provinces municipalities, and autonomous regions—Shanghai, Tianjin, Guangdong, Gansu, Yunnan, Jilin, Sichuan, Qinghai, Hainan, Jiangxi, Liaoning, Heilongjiang, Guangxi, Jiangsu, Guizhou, Shandong, and Ningxia—have paid or basically paid the teachers' wages in arrears; and arrears of teachers' wages still exist to a varying degree in 10 provinces. The arrears exceed 10 million yuan in Henan, Hubei, Anhui, Hebei, Inner Mongolia, Hunan, Shaanxi, and Fujian. Henan Province owes the most—120 million yuan.

The spokesman said: The party Central Committee and the State Council are deeply concerned about the middle and primary school teachers' wages in arrears and attach great importance to the problem. At the national rural work conference held in October last year, Premier Li Peng pointed out that it is impermissible to owe arrears of teachers' wages, and he called on all localities to take effective measures to solve the problem. Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, has successively written the governors or party committee secretaries of Hebei, Heilongjiang, Guangxi, Hubei, Henan, Hunan, Jiangsu, and Sichuan to speed up the solution to the problem. The party committees and people's governments of various provinces, municipalities, and autonomous regions have made great efforts to pay the arrears of teachers' wages, despite financial difficulties. The principal party and government leaders of many provinces are personally taking a hand in the matter. They have instructed that wherever the teachers' wages are in arrears, the wages of government office cadres should also be withheld; and that if the arrears of teachers' wages are caused by diversion of budget fund to building unauthorized projects or buying automobiles, such diversion must be resolutely stopped. Henan Province owes more than 100 million yuan in arrears of teachers' wages. In addition to adopting other measures, the provincial government appropriated a special funding of 43 million yuan in late December last year. Moreover, the eighth session of the fifth provincial party committee

has made some arrangements and demanded that all necessary measures be taken to open up sources of funds so as to pay all the teachers' wages in arrears.

CPC Plans for New Central 'Advisory' Body Noted

HK1201092294 Hong Kong CHENG MING in Chinese
No 195 1 Jan 94 pp 12-13

[Article by staff reporters Lo Ping (5012 0393), Li Tzu-ching (7812 5261 0079): "CPC Plans To Set Up 'General Staff Headquarters' of Party, Government, and Army"]

[Text] In the middle of August, the Political Bureau discussed the membership composition and work nature of the planned "CPC Central Committee Policy Consultation Office." This will be the highest "advisory" organ serving the Political Bureau, the State Council, the Central Military Commission, and the State Military Commission when they formulate policies and handle important issues at home and abroad; it will be led by the Political Bureau and be directly responsible to the Political Bureau, the State Council, and the CPC Central Military Commission.

Wan Li and Gu Mu Suggest Establishing a "Staff Headquarters" of the Party, Government, and Army

News from Zhongnanhai: A central-level "staff headquarters" of the party, government, and army is imminent.

It will be the highest "advisory" organ serving the Political Bureau, the CPC Central Committee Secretariat, the State Council, the CPC Central Military Commission, and the State Military Commission when they formulate policies and handle important issues at home and abroad.

According to information, the idea of establishing such a consultative organ was first proposed to Deng Xiaoping by Wan Li and Gu Mu after the Eighth National People's Congress. At that time, thought was given to inviting some retired party, government, and army officials to join the organ. Deng Xiaoping thought it was a good idea to establish such an organ but did not agree with the idea of inviting retired persons to join it. He raised five points: First, the organ should play a role in assisting work and proposing strategies; second, it must be led by the Political Bureau; third, members should be strong and experienced and they must include some comrades from the Political Bureau Standing Committee and the Central Military Commission; fourth, no old and retired persons should join it because it must not have the nature of the Central Advisory Commission; and fifth, the work and functions of the organ are to be completely internal.

"CPC Central Committee Policy Consultation Office" To Consist of One Office and Six Groups

In the middle of August, the Political Bureau discussed the membership composition and work nature of the planned "CPC Central Committee Policy Consultation Office" (another suggestion was that it should be called the "Policy Leadership Office"). It was decided that the office should be located within the CPC Central Committee Secretariat and that 80 senior and middle-ranking cadres should be transferred from the CPC Central Committee; the State Council ministries, commissions, and offices; and the CPC Central Military Commission to participate in the work. Thereafter, the Political Bureau thought that the organ should not be too clumsy and in principle they should all hold the posts concurrently and no duties or titles will be created for them. It was initially decided that the idea should lead to the establishment of one office and six groups.

One office: The CPC Central Committee Policy Consultation Office.

Six Groups: First—party affairs work group; second—economic construction work group; third—social work group; fourth—national defense work group; fifth—international relations work group; and sixth—planning work group.

Fifteen Incumbent Senior Party, Government, and Army Personnel Will Participate in the Work

Since 15 November, active work has been done to prepare for this organ. According to information, 15 incumbent senior party, government, and army personnel are participating in the work, including Qiao Shi, Hu Jintao, Zou Jiahua, Zhang Zhen, Yu Yongbo, Wang Ruilin, Tao Siju, Ceng Qinghong, and Qi Huaiyuan. Qiao Shi, Hu Jintao, Zou Jiahua, and Zhang Zhen will participate in the work of the office.

It has been alleged that during the period of the Third Plenary Session, Jiang Zemin once disclosed the message that, after discussions and studies by the Political Bureau, it has been initially decided that a CPC Central Committee Policy Consultation Office will be established, led by the Political Bureau; the office will be directly responsible to the Political Bureau, the State Council, and the CPC Central Military Commission.

At the senior level, some people think that such a move will cause things to overlap and make the already redundant central organ even more redundant. Some people express support for the establishment of this "general staff headquarters," saying that it can play a liaison role between the party, government, and army, and offer plans and strategies on the macrofoundation incorporating the party, government, and army, to assist the central leadership in formulating policies and handling important issues at home and abroad.

Article Views 'Declining Authority of Government'

HK1101151894 Beijing GUANGMING RIBAO in Chinese 22 Dec 93 p 3

[By Yu Keping (0205 0668 1627): "Tentative Views on Declining Authority of Government"]

[Text] A mayor once ordered relevant departments to clean, within a definite time, a polluted brook in the city proper which stank to high heaven. However, the time limit was reached and the brook remained as stinking as before. Though a certain industrial and commercial inspection department makes great efforts in carrying out struggles against illegal hawkers, the latter continue to engage in swindling, cheating, and bullying. In the face of court decisions that have already taken effect, some plaintiffs still refuse to act accordingly. Though a ban has been explicitly imposed on businesses run by government organs, "renamed companies" still enjoy a flourishing business. Many departments follow the practice by which "policies are issued at higher levels while countermeasures are adopted at lower levels," and that "local policies and private treasures can be found everywhere." All these are, in the terms of political science, different expressions of the loss of government authority.

In today's China, the loss of government authority has posed a serious threat to the smooth progress of reform, opening up, and modernization drive. To counter such a situation, some leading comrades of local governments believe that safeguarding government authority, especially the authority of the central government, has become an urgent task at the present stage.

Generally speaking, the loss of government authority takes the following three forms. The first form is refusal to act in accordance with the law. Law is a concentrated expression of government authority, and violations of the law mean a direct disregard of government authority. Punishment handed down to lawbreakers is a remedial measure to stop the loss of authority; yet if no punishment was given to violators of the law, or if the punishment is not heavy enough to prevent the reoccurrence of lawbreaking activities, government authority will suffer a net loss. The second form is failure to strictly enforce orders and prohibitions, which means that government policies cannot be carried out in an effective way. Policies of the government are an expression of the will of the government. Any deliberate delay, evasion, perfunctoriness, conclusion with nothing definite, ignorance, and intentional antagonism all mean violations and disrespect for government authority. The third form is the misrepresentation of government policies during the course of implementation. People who are in charge of implementation purposely distort the original meaning of government policies and make them more favorable to partial or individual interests. Under such circumstances, either government authority is retained in name but lost in reality, or part of government authority is retained while the rest is lost.

The loss of government authority is a common political disease which is, in essence, refusal to act in accordance with the law and failure to strictly enforce orders and prohibitions. The consequences of this disease are more disastrous than the aftermath of having no policies and rules to follow. This is because this disease will dampen the efficiency of the administration; intensify contradictions between the government and citizens; weaken the ruling foundation of the government and the political recognition of the people; and finally lead to political splits, integration of the political power, and political turbulences in the society. Under such circumstances, what should we do to effectively check a huge loss of government authority? To answer this question, we should first find out the root causes leading to the loss of government authority. The source of loss of government authority, in the final analysis, can be traced along the following three lines:

First, the deterrent force of decision makers. Whether or not government policies can be carried out is, to a great extent, determined by the deterrent force possessed by decisionmaking organs. It is from the following two aspects that such a deterrent is generated: The first aspect is the legal mandatory means adopted by government organs. This means that appropriate punishment should be handed down on those who refuse to show proper obedience. If decisionmaking organs fail to give appropriate punishment to those who refuse to show obedience, its deterrence force will disappear gradually. The second aspect is the legality of decision makers or, in other words, recognition of decision makers by those who are asked to show obedience. If people who are asked to show obedience do not consider the decision maker as the right person to represent their interest, the former will become rebellious and estranged from the latter; and when the right moment comes, they will disobey or violate the rules and regulations of the government.

Second, the calculation of "cost-interest" by those who are asked to show obedience. During the course of implementing the policies and rules of the government, those who take political action generally have a sense for "cost-interest." If one is not punished for his disobedience of rules and regulations, or if his interests loss resulted from punishment for his disobedience is smaller than the interest he gains from his disobedience, he will tend to choose disobedience. On the contrary, if his interest loss resulted from punishment for his disobedience is bigger than what he gains from his disobedience of rules and regulations, he will often choose obedience.

Third, the quality of policies. The quality of policies has a great bearing on whether or not policies can be implemented effectively. Generally speaking, we will find it hard to effectively carry out policies, rules, and regulations under the following four situations: 1) Incorrect policies. These incorrect policies will, beyond any doubt, cause damage to the interest of the whole. Therefore, though incorrect policies may be forced through, the

results will be nothing but temporary. 2) Different policies drawn up by different decisionmaking departments. Facing different policies, rules, and regulations put forward by different organs on a same issue, subordinate organs will often find it hard to make a choice, for fear that they may follow one policy and lose sight of another. 3) The unpredictable changes in policies. If decision-making departments issue an order in the morning and rescind it in the evening, its subordinate organs will adopt a wait-and-see attitude instead of carrying the order through vigorously and speedily. 4) Conflicting policies. When policies, rules, and regulations are contradictory or inconsistent, subordinate organs will be at a loss as to what to do.

A fundamental way of checking the loss of government authority is to enhance the legality and deterrent force of government departments through political structural reform and the building of clean administration, improve the quality of policies through democratization and scientification of policy decisions, and heighten the political recognition of citizens through effective political socialization.

Column Views Reform, Stability

HK1101050094 Beijing JINGJI CANKAO BAO in Chinese 5 Jan 94 p 1

[“Economic Reference Forum” column: “Appropriately Handle the Relationship Between Reform, Opening Up, and Stability”]

[Text] In the process of building a socialist market economy, we must always pay attention to properly handling the relationship between reform and development on the one hand and stability on the other.

In implementing the “Decision [of the Third Plenum of the 14th CPC Central Committee],” we will run into various kinds of complicated conditions, various kinds of problems will arise, and various kinds of conflicts will take place.

Reform has promoted the development of the productive forces, enabled the economy to develop in a good direction, and improved the people's living standards. However, the reform itself will inevitably involve a redistribution of interests, or a redistribution of powers and interests if you like, and this will involve the interests of many people. When enterprises cannot disburse wages or borrow money to disburse wages, this is a problem of the distribution of interests and will cause trouble if it is not properly handled, and it is a real problem.

No stability, no nothing. Without a stable social environment, nothing can be accomplished. Stability is the social foundation for implementing the “Decision.”

Some cadres lack an adequate understanding of the need for stability at this time. We have indeed developed

these years, but we should prepare for danger in time of peace and have a sober understanding of various conditions.

In conclusion, without a stable situation there is no point in talking about anything.

So-called stability mainly refers to emotional stability among the masses. The masses are the main body carrying out reform, reform is a revolution, and the masses are the driving force behind reform. We must listen to the opinions and calls of the masses and respect their innovative spirit. Without the support of the masses, even a better decision will not work.

Commentator Urges ‘New Style’ of Work

HK1001143094 Beijing RENMIN RIBAO in Chinese 6 Jan 94 p 1

[Commentator's article: “More Investigation and Study, Less Subjectivism—Second Commentary on New Style in New Year”]

[Text] More investigation and study, less subjectivism is an important point stressed repeatedly by Comrade Jiang Zemin for improving leadership style.

Under the new situation of reform and opening up in recent years, many leading cadres have taken note of going deep into the realities of life, doing investigations and studies, and creatively implementing central principles and policies in connection with practice, and they have scored gratifying achievements. However, there are also some comrades who have slackened their efforts to conduct investigation and study. According to these people, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has outlined the blueprint, the party's basic line has illuminated the direction, and reform and opening up have been practiced for more than a decade. Hence, no major problems are likely to crop up. Believing that they are proficient and familiar with their jobs, they are not willing to go deep into the realities of life and maintain contacts with the masses. Instead of doing meticulous investigation and study, they are satisfied with reading documents and listening to reports. They are used to sitting in offices, issuing orders, and willfully making policy decisions. Consequently, this gives rise to subjectivism, or sticking to old conventions which lag behind the masses and the situation, or blindly seeking advanced growth which is beyond one's capacity.

To prevent the occurrence of these problems, it is necessary to conduct investigation and study in a thorough manner and to guard against subjectivism. The year 1994 is a very crucial one for China's reform, opening up, and modernization program. The pace of reform has been accelerated and its endurance is great. As the establishment of a socialist market economic system is a brand new topic, leading cadres are pupils in this issue. We should correctly understand and handle relations between reform, development, and stability;

correctly understand and handle the two different types of contradictions; earnestly study the form of expression and development trend of the contradictions among the people in the new situation; and particularly take note of the new problems arising from the adjustment of the relations and structure of interests in the course of deepened reform. Hence, it is necessary to go deep into the realities of life, conduct investigation and study, apply Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to analyze and resolve problems, overcome difficulties, and forge ahead.

To do a good job of investigation and study, the most important thing is to attentively listen to the voice of the masses and have a comprehensive understanding of the true situation of the grass-roots levels. It will be impossible for leaders to have a clear idea of the true situation of the grass-roots levels by just scratching the surface, doing things perfunctorily, and making cursory observations. Investigation and study require a correct guiding ideology and prevention of subjectivism. Taking several bags with them before conducting investigation and study, some cadres are good at carefully watching the situation. They offer whatever the higher authorities want and regard whatever their superior say as the truth. Therefore, it is necessary to proceed from objective reality in conducting investigation. Besides going to the rich and advanced regions, they should also go to the poor and backward regions. Besides listening to good-sounding words, they should also listen to words and advice unpleasant to the ear. Instead of going to the grass-roots levels with a predetermined conclusion and framework, they should insist on the practice of drawing conclusions after conducting investigation and study, which should be based on scientific representation. It is necessary to seriously analyze and study the new problems and experiences occurring in reform and opening up. We should not hastily negate the newly emerging things which conform to reform and development or speak highly of and laud erroneous behavior which goes counter to the socialist market economy. It is necessary to seriously analyze the root cause of the negative phenomena cropping in the course of reform and to propose ways to resolve them. Through investigation, it is necessary to study how to integrate the line, principles, and policies of the central authorities with the practice of the local departments and units and continue to create a new situation.

Comrade Mao Zedong had a motto: "No investigation, no right to speak." While doing revolution and construction in the past, we had benefited a lot from seriously conducting investigation and study, and also suffered from subjectivism. We must firmly bear in mind both positive and negative experiences. Now the enthusiasm of all localities is running high and a number of localities have proposed new ideas for implementing the ideas of the Third Plenary Session of the 14th CPC Central Committee. This is indeed gratifying. However, we must have grounds for all this as well as resolute measures for

implementation. As the great cause of building socialism with Chinese characteristics will encounter numerous tasks and changes with each passing day, leading cadres at all levels should bear heavy responsibility. Under such circumstances, it is particularly necessary to sincerely take practice as the classroom and the masses as teachers, constantly improve work style and methods, and remarkably accomplish tasks.

Commentary Urges 'Independence' in Foreign Policy

HK1001143494 Beijing LIAOWANG in Chinese No 511, 20 Dec 93, p 45

[“International Commentary” by Xu Boyuan (6079 0590 3220): “Maintain Independence and Keep the Initiative in Our Own Hands Is Our Standpoint”]

[Text] The international and domestic situation today is much different from that in the days of Comrade Mao Zedong; nevertheless, recalling and reviewing his diplomatic thinking and strategy, we find that it remains very significant in guiding our work today.

Comrade Mao Zedong's diplomatic strategy had a different focus in different periods based on the different situations and conditions; however, the basics were persistent and the most conspicuous point was: “Maintain independence, take the initiative in our own hands, and rely on our own efforts.” If overthrowing imperialism, feudalism, and bureaucratic capitalism and founding the PRC were Comrade Mao Zedong's immortal historical feats, then maintaining state sovereignty and territorial integrity in the wake of the PRC's founding, while adhering to maintaining independence under whatever circumstances, was another of his brilliant accomplishments.

When the People's Liberation Army crossed the Chang Jiang, he resolutely issued an order to fire at a naval vessel flying a foreign flag, which had attempted to make trouble. In the early days of the PRC founding, the U.S. Army started a war at China's gates; at that time, China's economic strength was very weak as all tasks which had been neglected were being undertaken. However, he vigorously advocated sending volunteers to Korea and defeated the aggressors through joint efforts with the Korean People's Army, safeguarding our national security. Later, with indomitable spirit, he led the Chinese people to withstand the imperialist economic blockade for 20 years. Because of chauvinism in the international communist movement, Comrade Mao Zedong thoroughly resisted any attempt to injure China's sovereignty and territorial integrity, was before or after the PRC's founding. Especially during the three years of natural calamities, he was bold enough to refute in stern speeches the unreasonable demands of the Soviet leader at that time. We cannot help but admire him when we recall things past.

Under the new historical conditions, how should we view and grasp the principle to “maintain independence,

take the initiative in our own hands, and rely on our own efforts?" To answer this, it is imperative to understand the characteristics of the world today. The world is precisely as it is and actually exists. However, observed from different angles, people will obtain different impressions and draw different conclusions. Should we view the world from the angle of North-South relations, we can have a clear picture of the attempts and momentum of the North manipulating the South. Western developed countries always try to transform the world in the shape of their own features, while attempting to unify and standardize the world population of 5 billion using their own value concepts. In recent years, the G-7 Summits have discussed not only their own economic relations but have also increasingly issued orders, right and left, regarding world affairs. Economic sanctions have become a magic wand in their hands, which they often use to attack others. This is a new condition which has surfaced in the wake of the termination of the bipolar pattern.

On the issue of sovereignty, Comrade Deng Xiaoping has always been rock solid saying: "Maintain independence, take the initiative in our own hands, and rely on our own efforts has always been, and will continue to be, our standpoint." He also said: "All foreign countries should stop expecting China to become their vassal state and stop expecting China to swallow any bitter fruit that injures China's interests." He made these remarks 11 years ago and they still remind us of Comrade Mao Zedong's boldness of vision. Today, Western countries have not stopped their efforts to "change" us, nor have they stopped their activities in trying to disintegrate China. A new "theory" has surfaced in the West which says that the world has now become a global village; some issues, such as human rights and the environment, have transcended national boundaries and sovereignty. Such argument has failed to gain prominence and has been forced to retreat somewhat because of resistance from China and other Third World countries. It has been reported that Locher [luo shi 5012 0087], U.S. assistant secretary of defense, recently stated that the Clinton administration would be pleased to see a "powerful, unified, and prosperous" China. We would certainly welcome such a statement should they really mean it. However, we have always advocated not just hearing people's words but also seeing people's actions. Until they make a substantial move along this line, we should never relax our vigilance.

Vigilance and precautions are indispensable; more importantly, however, we should develop our productive forces. Last summer, the United States unreasonably checked the cargo hold of our freighter Yinghe but found nothing; this only revealed its true hegemonic face to the world's people. If we had mighty comprehensive national strength, would it have dared to conduct the check? Could it have gotten away as it did without feeling any shame? Realities in the world have also shown us that if a country has not developed, or has been slow in developing, its productive forces for a long time,

while failing to improve its people's material and cultural lives, its very advanced weaponry and mighty security and intelligence network will not help; it is impossible to maintain its position of independence and taking the initiative in its own hand, while finding it difficult to maintain its subsistence. That being the case, Comrade Deng Xiaoping said: "Development is the last word." [fa zhan cai shi ying dao li 4099 1455 2088 2508 4289 6670 3810]

As a political power, China's position in the world and its role in world affairs are not to be neglected. Comrade Deng Xiaoping said that we must "accomplish something," by which he precisely means to oppose hegemonism and power policies, uphold justice, and safeguard world peace. To accomplish something, a firm stand is called for and a material base. When China develops its productive forces in future, becoming not only a political power but also an economic power, we will have a greater say in the world arena.

China's reform and opening up are developing in depth and our gate will open still wider; nongovernment ties of various kinds with the outside world are increasing. In nongovernment ties, we should never forget the principle of "maintaining independence, taking the initiative in our own hands, and relying on our own efforts," which Chairman Mao Zedong persistently advocated and Comrade Deng Xiaoping has always adhered to. The speech and behavior characterized by blind worship of anything foreign and loss of national character and personality in diplomatic exchanges should be rejected. The world situation is like the weather; there are stormy days and sunny ones. No matter what situation we meet, we shall always firmly grasp one point: Maintaining independence, taking the initiative in our own hands, and relying on our own efforts has been, is, and will always be our standpoint.

Science & Technology

Jiang Inspects Beijing Emulation Center 8 Jan OW0801150394 Beijing XINHUA in English 1427 GMT 8 Jan 94

[Text] Beijing, January 8 (XINHUA)—Chinese President Jiang Zemin called for closer coordination of various aspects in new- technology and high-tech development.

Jiang, during an inspection of the Beijing Emulation Center today, said that redoubled efforts should be made to promote multi- faceted coordination in order to bring high-tech advantages into full play and speed up upgrading of technical equipment and personnel quality.

Such a coordination, he added, also helps to promote much wider use of new and high-tech achievements in the country's socialist modernization drive.

Emulation is a new and high technology to which many developed countries have attached great importance. It

is widely used in national defence and economic construction. It helps scientists in analyzing, testing and improving different large projects. The Beijing Emulation Center is one of the biggest now in the world.

Jiang also visited the key laboratories in the center and highly spoke of the achievements the Chinese scientists had made.

Emulation technology is based on cybernetics, the resemblance principle and computer technology, used to study real or supposed systems with the aid of system models.

Maritime Satellite Office Opens Branch in Beijing

OW1201094094 Beijing XINHUA in English 0848
GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—Inmarsat [International Maritime Satellite], the international mobile communications satellite operator, inaugurated its first regional office in Beijing today.

Inmarsat is a cooperative with 71 member countries which operates a system of satellites to provide mobile voice and data communications to land-based users, ships and aircraft. At present, more than 30,000 Inmarsat mobile terminals are in use in more than 165 countries.

The Ministry of Communications is Inmarsat's Chinese contracting party, while the Beijing Marine Communications and Navigation Company (BMCNC) joined the organization on behalf of China.

Olof Lundberg, Inmarsat's director general, said at a press conference in Beijing today that the aim of the resident office is to promote exchanges between Inmarsat and China, trying to introduce advanced telecommunication technologies to more Chinese departments.

At the primary stage the office will mainly develop its business in China, while in the future it will expand its business to the whole Asia-Pacific area.

Building of Beijing Inmarsat earth stations, constructed and managed by the BMCNC, was finished in June 1991 and July 1993, respectively, and Beijing Inmarsat-A and Inmarsat-C earth stations have already been operational to cover the Indian Ocean and Pacific Ocean areas.

By the end of 1993 Inmarsat had more than 550 various terminal users in China.

'Countdown' To Launch of Weather Satellite

HK1201065994 Beijing CHINA DAILY in English
12 Jan 94 p 1

[By staff reporter Liang Chao: "Countdown to Launch of Satellite"]

[Text] Preparations are in full swing to launch the country's first geostationary weather satellite, the China Meteorological Administration (CMA) said yesterday.

Experts are working on ground station facilities and testing equipment and the satellite, called Fengyun-2 (FY-2) will be launched sometime this year.

FY-2, the third Chinese meteorological satellite since 1988, will be located in geostationary orbit 35,800 kilometres above 105 East Longitude which runs through west-central China, CMA officials said.

They said the satellite will be able to monitor meteorological changes over a third of the globe.

Meanwhile, China is to import a supercomputer from the United States to improve its newly-opened medium-range numerical weather prediction (NPW) system, which can forecast changes four to 10 days in advance. The U.S. machine will replace the domestically-made Yinhe 2, China's most advanced supercomputer. CMA officials also said a new continental weather station will be set up this year at a place 3,816 metres above sea level in West China's Qinghai Plateau.

Synchronous Radiation Laboratory Opens to Public

OW1101080794 Beijing XINHUA in English 0722
GMT 11 Jan 94

[Text] Hefei, January 11 (XINHUA)—A state synchronous radiation laboratory in this capital of Anhui Province has undertaken 120 scientific research projects since it opened to the public last April.

The projects cover such fields as physics, chemistry, biology and materials science.

According to Zhang Xinyi, deputy president of the Chinese Academy of Sciences and head of the laboratory, the facility is the first such designed and built by China with advanced international-standard equipment.

Its five laboratories—for optical chemistry, charging electron spectrums, soft X-ray micro-technique, X-ray light time and time-share light spectrums are available for experiments at least 3,600 hours a year.

Military

Army Paper on Jiang's Concern for Armed Police

HK1101145494 Beijing JIEFANGJUN BAO in Chinese
3 Jan 94 p 1

[By Zhou Guangting (0719 1639 1656), Li Xunzhou (2621 6064 5297), and special reporter Wang Guocai (3769 0948 2088): "Temper an Army of Steel—Chronicle of General Secretary Jiang Zemin's Concern for Building Armed Police Force Units"]

[Text] The Chinese People's Armed Police Force [PAPF] was reestablished in 1983 under the ideological guidance of Comrade Deng Xiaoping, chief architect of reform and opening up, through the necessity to provide a stable social environment for reform and construction. Over the past decade, under the leadership of the CPC Central Committee, the State Council, and the CPC Central Military Commission and with the concern and support of local party committees, governments, and the masses at all levels, this unit has matured into an important armed force defending the socialist system and maintaining social stability.

Comrade Jiang Zemin, as Party general secretary, State president, and chairman of the CPC Central Military Commission, is a very busy man and occupied with a myriad of state affairs but he is very much concerned about the building of the PAPF. Over the past few years, his footprints have extended across PAPF battalions in 28 provinces, autonomous regions, and municipalities throughout the country. He has encouraged vast numbers of PAPF officers and men to accomplish their mission and constantly make contributions to the motherland and the people.

A Good Social Environment Is Essential for Economic Construction. General Secretary Jiang Urged: "The PAPF Should Stand in the Forefront of Maintaining Public Order and Social Stability."

Whenever people step into the PAPF headquarters, the Triangle Building, the first things that come into view are the 16 glittering characters of: "Strengthening the Building of the PAPF, Defending the Socialist System" erected in the hall. This was the inscription made by General Secretary Jiang Zemin when he inspected the PAPF headquarters on 19 December 1990. Up to now, cadres of the PAPF Headquarters retain fresh in their memory the scenes of General Secretary Jiang's inspection. At 1515 on that day, General Secretary Jiang, accompanied by Qiao Shi, CPC Central Committee Political Bureau Standing Committee member and secretary of the CPC Central Commission of Political Science and Law, went to the PAPF headquarters. He met cordially with cadres at and above the department level, conscientiously listened to work reports presented by leaders of the PAPF, and often chipped in with cheerful and humorous remarks.

General Secretary Jiang analyzed the domestic and international situation and expounded on the nature, position, and role of the PAPF from the high plane of consolidating the socialist system. He said: "Our present socialist system has been built at the expense of the bloody sacrifices of tens of millions of revolutionary martyrs and we must definitely defend it. The PAPF is a component of the armed forces of our Party and our country. Its tasks are different from that of the People's Liberation Army [PLA], but both the PAPF and the PLA serve the people. The PAPF undertakes important tasks in defending the socialist system and maintaining social stability and we must definitely build it up well."

Our hearts were filled with deep feelings and we have to shoulder heavy burdens. General Secretary Jiang placed high hopes on the PAPF in safeguarding socialist modernization.

On the eve of the 1991 Spring Festival, General Secretary Jiang went to the headquarters of the Henan PAPF, cordially paid homage to officers and men, and said: "The Spring Festival is approaching. I am paying an early New Year call on all of you!" Then, he pointed out: "Our Party set out the proposal on the 'Eighth Five-Year Plan' and the '10-Year Program' at the Seventh Plenary Session of the 13th Central Party Committee, which was recently held. Now, the whole country is studying and implementing it. However, there is a very important problem which is directly related to your tasks. It is impossible to accomplish our economic construction without a stable situation. Only under a stable political situation can we really devote our energies to promoting our economy. Viewed from the present international situation it is, by and large, favorable to us. Peace and development are still the two themes of the world but we should also watch out for the volatile international situation. We must always heighten our vigilance against some foreign forces which infiltrate our country and carry out subversive activities. We must resolutely nip in the bud every symptom which endangers social stability once we discover it. This is, in the first place, the duty of the PAPF. I hope that all of you always have high morale and exert yourselves in the struggle to create and maintain a good social environment for our country's economic construction."

On 12 October 1992, General Secretary Jiang was delivering his report to the 14th CPC National Congress in the Great Hall of the People. "The PAPF is an important power in safeguarding our socialist modernization." The hearts of all armed police delegates to the 14th CPC National Congress were overflowing hearing this sonorous voice. Delegates said excitedly in the discussions: It is the first time that the PAPF has been mentioned in the report to the party congress. General Secretary Jiang has further defined the glorious mission of the PAPF during the new era of development of the socialist undertaking.

General Secretary Jiang set forth the ideology of allowing the PAPF to stand in the forefront and fight in the van when dealing with emergencies and maintaining social stability in accordance with the peculiarities of the PAPF in performing its missions.

On the night of 19 April 1991, General Secretary Jiang went to inspect Sichuan Province. After a discussion with the Sichuan Provincial CPC Committee and the provincial government, disregarding his tiredness after a day's work, he asked Lin Xianze and Li Kaiyuan, commander and deputy commander of the Sichuan Armed Police Corps, about the detailed public security situation in Sichuan. On the following morning, in drizzling rain, General Secretary Jiang went to the Sichuan Armed Police Corps Headquarters for an inspection. On the parade ground, while braving the rain, he met cadres

from the headquarters and earnestly told everybody: "We must implement the basic party line unswervingly and devote our energies to accomplishing economic construction. However, it is impossible to accomplish economic construction without a stable and united social environment and there is no exception to this, in modern or ancient times in China or elsewhere. No country has ever accomplished economic construction under constantly chaotic circumstances. Only with social stability and unity can we have the preconditions to develop our economy. On what does stability and unity rely? It relies on correct policies, strong ideological and political work, skillful handling of the two different kinds of conflicts and, in the final analysis, it relies on economic development. The PAPF must stand in the frontline and fight in the van in safeguarding public security. Our PAPF must always be prepared for any destabilizing event and decisively nip it in the bud, thus ensuring a stable and unified situation."

Comrade Jiang Zemin has expounded on many occasions since becoming general secretary, the ideology of allowing the PAPF to stand in the front line to maintain social stability.

—On 3 July 1989, he talked about the task of further safeguarding social stability when meeting all the comrades who attended the National Public Security Department (Bureau) Heads Conference. He said: "I think under normal circumstances, we mainly rely on our public security personnel and our armed police."

—On 28 September 1990, he emphatically pointed out when inspecting the Inner Mongolian Armed Police Corps: "As far as the task of maintaining social stability is concerned, those who stand in the forefront are the Armed Police."

—On 19 September 1993, he further stressed when reviewing the PAPF's achievements in military training: "As far as the defense of state security and social stability is concerned, the ideology of marching to the forefront and fighting in the van must be firmly established in the PAPF."

The ideology of "standing in the forefront" and "fighting in the van" has been kept firmly in the minds of armed police officers and men and has become their strong impetus in defending modernization.

The PAPF Spreads All Over the Country and Is In Direct Contact With Society. General Secretary Jiang Stressed: "It Is Very Important To Vigorously Advocate and Carry Forward Our Army's Glorious Tradition."

The PAPF has to undertake many tasks covering an extensive areas. Due to special tasks and the macroscopic social environment of reform and opening up, special requirements have been set on building the ideology and style in this force. An important matter which General Secretary Jiang often pays attention to is how to preserve the purity of the PAPF.

In the small hours of a certain day in March 1991, General Secretary Jiang, who was inspecting Hunan, could not calm himself for a long time after reading a letter addressed from Mao Anying to his relative in October 1949.

The following day, General Secretary Jiang addressed a meeting attended by PLA and PAPF cadres, at and above the division level, stationed in Changsha City. He said with deep feelings: "A relative of Mao Anying wrote him a letter hoping that Chairman Mao could assign a government post to another relative of Mao Anying. In his letter of reply Mao Anying stated his views. The main points were that the fundamental difference distinguishing the New China from the old, the Communist Party from the Kuomintang, and Mao Zedong from Chiang Kai-shek, lay in the virtue of not seeking personal gain. Today, this letter is still worthy of our study. If vast numbers of our Party members and cadres can serve the interests of the majority and refrain from seeking personal gain, just as the revolutionary martyrs did, our party style will be improved and our Party will become stronger. We must frequently teach vast numbers of cadres and soldiers to carry forward the fine tradition, cultivate patriotic thinking and communist values and outlook on life, and serve the people wholeheartedly."

In the autumn of 1991, General Secretary Jiang went to Xibaipo to "reflect on the past in light of the present" and all sorts of feelings welled up his mind. When addressing the police from Hebei Provincial Public Security Department and cadres from Hebei Provincial Armed Police Corps, he said: "A visit to Xibaipo is a very good education for all of us. Xibaipo was once the seat of the Central Party Committee and the Second Plenary Session of the Seventh CPC Central Committee was held there. At the party plenary session, Chairman Mao urged that we must be modest and prudent and guard against arrogance and rashness and that we must keep to the style of hard struggle and plain living. In this respect, how well are we now? This is the question which all of us should ponder."

In January 1992, as No.10 Detachment of the Shanghai Armed Police Corps launched activities to mark the 10th anniversary of "emulating the Good No. 8 Company on Nanjing Road," General Secretary Jiang went there on an inspection. While attentively viewing silk banners and certificates of merit in the detachment's honorary room he could not help saying: "We must be willing to act as orderlies who are untainted with unhealthy practices and this is a tradition which we must carry forward!" General Secretary Jiang also wrote an inscription for the No. 10 Detachment: "The new generation under neon lights must emulate the Good No. 8 Company on Nanjing Road, to encourage officers and men to learn from the 'Good No. 8 Company,' to carry forward the glorious tradition of never being tainted with corrupt practices and constantly make new contributions to safeguarding Shanghai's reform, opening up, and modernization."

One morning in the early summer of 1993, the West Room in the Great Hall of the People was ablaze with lights. General Secretary Jiang Zemin, accompanied by Liu Huaqing, Zhang Zhen, Ren Jianxin, Luo Gan, and other cadres, listened to reports on the PAPF work situation by Commander Ba Zhongtian and Political Commissar Zhang Shutian. Afterwards, he emphatically told members of the PAPF party committee: "Our PAPF is spread all over the country, including Shenzhen, Zhuhai, and other more prosperous localities. In strengthening the building of the force, particularly in the work of building our ideology and style, we are faced with an environment of constantly deepening reform and wider opening up. It is very important to take the new reality and new tasks into consideration and vigorously advocate and carry forward our Army's glorious tradition. The PLA's Good No. 8 Company on Nanjing Road always maintained its distinctive revolutionary character amidst an atmosphere of debauchery, which was very remarkable. There is always the question of guarding against degeneration in army building in times of peace, and we must never be tainted with corrupt practices. The PAPF is the same in this respect. The PAPF is in direct contact with society, in particular, some of the units live in some prosperous and open cities and are faced with scenes of debauchery. Therefore, it is necessary to teach and encourage officers and men to stand the test and maintain a high morale."

These remarks, which were full of deep feelings, inspired vast numbers of armed police officers and men to inherit the glorious tradition of our Party and Army, carry forward the "five revolutionary spirits" advocated by Comrade Deng Xiaoping, maintain the true qualities of the people's army, and portray a good image of people's guards.

The Sacred Mission of Maintaining Social Stability Sets a Very High Demand on the PAPF's Building. General Secretary Jiang Pointed Out: "The PAPF Must Pay Attention to Its Software and Hardware and Constantly Improve the Capability To Perform Its Duties and To Handle Emergencies."

On 19 September 1993, during the autumn harvest, General Secretary Jiang went to the PAPF Special Police Academy in the suburbs of Beijing to review PAPF achievements in military training. Following a number of brilliant performances and bursts of warm applause, he cheerfully stood up to wave greetings to officers and men and commended them: "Your reports gave expression to your superb and competent military technique, your valiant and tenacious fighting style, and the mental attitude of staunch guards. The comprehensive building of the PAPF is being constantly strengthened and new progress in all kinds of work is being constantly achieved, the Central Party Committee is satisfied." After fully affirming the building and work of the PAPF, General Secretary Jiang set overall demands on how to further strengthen the PAPF's building. He made a call to armed police officers and men: It is necessary to uphold steadfastly our Party's absolute leadership of the

Army; resolutely comply with the command of the Central Party Committee and the Central Military Commission; firmly implement instructions issued by the Central Party Committee the State Council, and the Central Military Commission; and steadfastly implement the basic party line. It is necessary to conscientiously study Mao Zedong's military thought and Deng Xiaoping's thinking on military building during the new period; resolutely implement PLA regulations; and uphold the principle of improving the quality of army building. It is necessary to place education in a strategic position and integrate it with the reality of the PAPF to go in for rigorous training, set stricter demands, and enforce stricter controls. It is necessary to improve weaponry; enhance military and political quality; and improve the capability to perform our duties and handle emergencies under modern conditions. It is necessary to inherit and carry forward the glorious tradition of our Party and Army; strive to develop the PAPF into a dauntless unit which is "qualified politically and competent militarily" and which "has a fine style of work, adheres to strict discipline, and is ensured of adequate maintenance and supplies"; and conscientiously perform the sacred mission of maintaining state security and social stability!

General Secretary Jiang not only portrayed the magnificent blueprint of the PAPF's building but also set concrete demands on it. He used engineering terminology, in light of the new domestic and international situation and the PAPF's characteristics, to liken the PAPF's equipment to "hardware" and to equate the military and political quality of officers and men to "software." He stated unequivocally: "The PAPF must pay attention to both the software and hardware and constantly improve the capability to perform your duties and to handle emergencies."

On the afternoon of 2 August 1989, a meeting was called commending public security personnel and the Shanghai PAPF. General Secretary Jiang specially canceled his schedule and cheerfully attended the meeting to extend his greetings. He also gave important instructions on the building of public security and the PAPF. He pointed out: "As an instrument of the people's democratic dictatorship, public security and the PAPF must be armed with goods and materials as well as vigor. The latter means that we must be armed with Marxism-Leninism-Mao Zedong Thought, always maintain political alertness, and have a high degree of consciousness."

In the early summer of 1993, the new situation in the development of the socialist market economy brought new vitality to the PAPF and also posed new problems, one after another, to the building of the force. In order to enable officers and men to adapt to the new situation, General Secretary Jiang promptly issued a call to the force to study more. He stressed when meeting members of the PAPF party committee at the Great Hall of the People that, in the process of developing a socialist

market economy, we must constantly learn new knowledge and that this was also very important to strengthening the building of the force. He said: "Under the new situation, our leaders at all levels must strive to learn new knowledge and new things. We are now engaging in a socialist market economy but what exactly is the market, the market mechanism, and the socialist market economy? Many comrades do not have, or are short of, basic knowledge in this field. Hence, we must study it well and should study it repeatedly. We must study scientific and technological knowledge through various channels to advance our cultural quality to a new stage. Our cultural quality covers every aspect, including the quality of economic knowledge, of scientific and technological knowledge, and of military knowledge. The PAPF must attach importance to improving its military, scientific, and technological quality. In the first place, it must improve the military and scientific and technological quality of leading armed police cadres at all levels, particularly that of senior cadres. Only when this has been done can the force become really combat-ready."

In order to help fully improve the PAPF military and political quality and make its "software" and "hardware" competent, General Secretary Jiang personally inspected the PAPF Training Ground despite many claims on his time.

On the morning of 30 July 1991, it was scorching hot in Tianjin Municipality. General Secretary Jiang, who was there on an inspection, went to the Tianjin Armed Police Corps No. 6 Detachment Training Ground and braved the intense heat of summer to watch in the open the report-back performance of military training. After watching such brilliant performances as emergency dispatch, tactics of using batons and shields, and the formation of anti-riot squads, he said cheerfully: "This kind of competency is what we should have, especially in large cities. In case emergencies arise, we can immediately dispatch the armed police to nip them in the bud."

On 4 May 1992, a get-together was held at the Great Hall of the People to mark the 70th anniversary of the Communist Youth League's founding and General Secretary Jiang, who attended, was impressed by the unique skills demonstrated by the armed policemen. Full of zest, he talked to the performers from the Special Police Academy and repeatedly praised them on their extraordinary skills.

It has never been easy to strengthen the building of PAPF "hardware" and party and government leaders and the departments of politics and law at all levels must support and attach importance to it. Hence, on many occasions, General Secretary Jiang has told leading comrades in provinces, autonomous regions, and municipalities that we must attach importance to building the PAPF "hardware." We should spare no expense in properly arming the armed police. In compliance with General Secretary Jiang's instructions, party committees and governments in various localities have: Paid great attention to building the PAPF; given strong support to

them in terms of finance and goods and materials; set up a number of regular barracks; and have installed groups of excellent cavalry.

Living up to our Party's and the people's concern and expectations, the PAPF have made arduous efforts to strengthen the building of "software" and "hardware" and constantly improve its combat strength. As a result, a number of heroic collectives which are ready to assemble at the first call and capable of fighting and winning, such as the "special police of Lingnan," the "iron fist of Nankai," and the "keen sword of Cangshan," have emerged.

Soldiers Are the Basis of the Force. General Secretary Jiang Hoped That the "Relationship Between Officers and Men and Between Comrades Should be Even Closer Than the Relationship Between Family Members."

The Shanghai Armed Police Corps No. 10 Detachment will never forget 18 January 1992. On that day, General Secretary Jiang visited them and went straight to the dormitory of the Class No. 2. He touched the soldiers' quilts and asked: "Are you feeling cold?"

On learning that every soldier was given a quilt, a woolen blanket, and an overcoat, he smiled and said to the soldiers: "You have three layers of warmth." Everybody present laughed.

General Secretary Jiang asked about soldiers' cultural and recreational activities. He told leaders of the corps by his side: "Soldiers' cultural and recreational activities must be organized well."

General Secretary Jiang also inspected the kitchen and asked in detail about the varieties and nutritious value of the meals.

General Secretary Jiang urged leaders of the PAPF at all levels to inherit and carry forward the fine tradition initiated by Mao Zedong, Deng Xiaoping, and revolutionaries of the older generation and pay great attention to the building of the force by maintaining close ties between officers and men.

On 17 May 1990, General Secretary Jiang met cadres from the Hainan Armed Police Corps and PLA stationed in Hainan at and above the division level. He urged all of them to fully understand the importance of unity between officers and men from the high plane of the nature of the People's Army. He said sincerely: "Our Army is a proletarian force and the people's own army. Unity between officers and men and support given to soldiers has always been the fine tradition of our Army. Why do the broad masses support the revolution and the Army and send their children to the Army? It is precisely because our Army fights and works for the people's interests and, for this same reason, the relationship between officers and men and between comrades is even closer than the relationship between family members."

To counter some of the relationship problems between officers and men in a small number of units, General

Secretary Jiang twice urged party committees and leaders at all levels to pay attention to solving these problems in grass-roots units. He said: "The fact that some problems have arisen in the relationship between officers and men shows that we have not been painstaking enough in doing our ideological work and we do not have adequate understanding of soldiers' ideological trends. Something happens but we often do not know the reason why and muddle through. How can we act like this? In the past, company commanders and political instructors would watch every night which soldiers tossed about in bed or which soldiers suddenly ate less than they normally did. In these cases, company commanders and political instructors would try to understand whether or not the soldiers had ideological problems or whether or not their families had any problems. Such a fine tradition of doing painstaking ideological work can never be cast away! It is very important to be solicitous about soldiers' health, understand their mental state, be concerned about their weal and woe, and solve their problems."

As general secretary of our Party, state president, and chairman of the Central Military Commission, Comrade Jiang Zemin is extremely busy but he is always concerned about the PAPF building and spares time to visit armed police officers and men to talk to them meticulously. His conduct sets an example to leaders at all levels.

On 13 October 1989, General Secretary Jiang inspected work in Jiangxi. Around noon on that day, after finishing his work, he had photos taken with leading comrades of the provincial party committee and working personnel. At 0900 the following day, after learning that six soldier guards who had been on duty and had not had their photos taken with him, General Secretary Jiang Zemin joyfully agreed to have one more photo taken. When he saw that the six soldier guards stood behind him in a reserved manner, he moved a step backward and cordially said: "It is better to stand alongside to take a photo." Then, the general secretary stood in the midst of the soldiers and the photo was taken.

On the morning of 13 November 1991, in the cold wind of the early winter, General Secretary Jiang and other leading comrades from the Central Party Committee went to a construction site at Liangshuihe, Beijing, to participate in the work. Red flags fluttered over the construction site, which was seething with excitement. At 0955, General Secretary Jiang went to an armed police construction site and extended cordial greetings to the officers and men. After learning from leaders of Beijing Municipality that due to inadequate machinery, the officers and men had borne many hardships and made great contributions to flood control projects, he repeatedly praised them saying: "Great, great!" The general secretary's commendation was like a warm current which boosted the strength of thousands of armed police officers and men to surmount difficulties and which inspired everybody to fulfill his task while ensuring quality.

Cordial care is a tremendous driving force. Living up to the expectations of General Secretary Jiang and the Central Party Committee, the State Council, and the Central Military Commission, armed police officers and men have: Satisfactorily completed the task of guarding against and dealing with emergencies; guaranteed the safety of fixed targets and targets of temporary service; achieved remarkable results in rushing to deal with emergencies and in providing disaster relief; and the have played an important role in the comprehensive management of public security, thus making contributions to safeguarding socialist modernization.

Army Paper Commentator Calls for Emulating Heroes

HK1101140494 Beijing JIEFANGJUN BAO in Chinese
19 Dec 93 p 1

[Commentator's article: "Whom Should Contemporary Young Soldiers Worship?"]

[Text] A person's youth is the best time of his or her life, and is also a period of being full of illusion and eager to emulate some examples and worship some good idols. Our Army is always a place for the gathering of many young people. Being young soldiers determined to dedicate ourselves to national defense in modern times, whom should we worship?

Historical experience and current needs in reality all tell us: We should take the heroic figures who dedicated their whole lives to national independence, people's liberation, and social progress as our examples, and should let these heroic figures firmly occupy the "star position" in our minds.

The heroic figures of our party and our Army are outstanding representatives of the masses in their hundreds of millions emerging in the prolonged practice of revolution and construction. Some of them are national heroes who have made immortal contributions to national liberation and independence, and they include such proletarian revolutionaries of the older generation as Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De, and Deng Xiaoping; some of them are revolutionary martyrs with iron will power, such as Yang Jingyu, Fang Zhimin, Ye Ting, and Jiang Zhujun, who were determined to shed their blood for the cause of the party and sacrifice their lives to show their loyalty to the party; some of them are combat heroes such as Dong Cunrui, Huang Jiguang, Yang Zirong, and Yang Yucai, who fought bravely and defeated the enemies with a fearless spirit; some of them are communist fighters such as Lei Feng, Wang Jie, Ouyang Hai, and Su Ning, who served the people wholeheartedly in the peaceful environment and dedicated themselves to the service of their country through diligent work; some of them are pioneers on the front of scientific research such as Qian Xuesen, Deng Jiaxian, and Qian Shaojun, who created miracles again and again in scaling the heights of modern national defense science and technology in their hard work over

the past decades; some of them are physically disabled people who have healthy minds and make great contributions to the party's cause, such as Wu Yunduo, Shi Guangzhu, and Li Zhijun; and others are innumerable unknown heroes who never claim credit for their meritorious services, such as "living martyrs" Li Yuan, Jiang Yuduo, and Cao Faqing. The mentality, character, and will of these heroic figures give expression to the supreme realm of thought that communists should attain, and also represent the lofty virtues of the revolutionary soldiers. We can say that every hero is a banner. To study, live, work, and fight as the heroes did, we shall be able to establish the proletarian world outlook as soon as possible, realize the value of revolutionary life to the maximum, stand all tests in the course of reform, opening, and developing the socialist market economy, and always preserve our revolutionary youth.

Emulating the heroes, creating heroic deeds, and taking the path of a hero is always the glorious tradition of this Army. In both wartime and peacetime, as soon as millions of young people join this Army, they begin to really worship and emulate the heroic figures, although some of them have just begun to understand the theory of revolution; their mentality also begins to rise to a lofty realm, and their behavior also becomes great. The course of many heroes' growth in this Army shows that they first worship heroes, then emulate heroes and also strive to become heroes themselves. Young people are undergoing the process of forming their world outlook, and their minds are rather malleable. In light of this characteristic of young people, we should guide young soldiers to admire heroic figures, continuously adjust their life orientation, and take the initiative in emulating the examples. This is a necessary condition and the most effective way to cultivate more heroes. For various reasons, the values cherished by young people are now becoming more diverse. In such circumstances, we should draw the attention of young officers and servicemen to worshiping and emulating heroes, and should encourage them to become heroes themselves. This will certainly play a significant role in prompting them to become soldiers with a lofty ideal of revolution, with lofty morals, good education, and a strong sense of discipline as soon as possible.

Serving the people wholeheartedly is the sole purpose of this Army. Our soldiers are required to be ready to shed their blood and sacrifice their lives to fulfill their sacred mission, and this characteristic of the armed forces also requires us to worship heroes. In the years of war, no matter how busy the troops were in combat, production, and mass work, they continued to carry out the activity of emulating heroes and striving to become heroes. This is always an important part of this Army's political work. Under the new historical conditions, this Army is striving to realize the general goal of revolutionaryization, modernization, and regularization, and to fulfill the sacred mission of providing security guarantees for reform, opening, and socialist modernization. We should still vigorously carry forward the spirit of revolutionary

heroism, continue to carry forward the "five revolutionary spirits" advocated by Comrade Deng Xiaoping and the 64-character pioneering spirit advocated by Chairman Jiang. This should become a strong mental pillar for promoting this Army's comprehensive development. Therefore, admiring and emulating heroic figures and creating heroic deeds should become common conduct of contemporary revolutionary soldiers.

This Army is the candle of innumerable heroes. In order to bring about more heroic figures under the new situation, leaders and political organs at all levels should fully use various effective educational forms, such as reading books, giving lectures, holding singing parties, arranging glory rooms, seeing good films, and listening to old comrades's talk about the tradition, to give wide publicity to the heroic figures in various periods and on various fronts so that our cadres and soldiers will always live in the atmosphere of revolutionary heroism, and more brilliant stars will rise to make the life in the barracks more vigorous.

Missile Testing Base in Northwest Noted

OW1101104294 Beijing XINHUA Domestic Service in Chinese 0723 GMT 10 Jan 94

[By correspondents Cao Zhi (2580 2535) and He Xiquan (6320 6007 3123)]

[Excerpts] Lanzhou, 10 Jan (XINHUA)—Thanks to the painstaking efforts of the residents, an air force guided missile testing base in northwest China, which is named "the Cradle of Miracle Arrows," has been turned into a surface-to-air-missile city, with trees lining the streets, the air filled with the aroma of ripening fruits, and complete facilities for daily life.

The base is located in the Great Badain Jaran Desert. More than 60 grass-roots units are scattered along the 22 small settlements in the 4,870 square km desert. People call the base "the isolated islet" because of its extremely difficult living conditions. [passage omitted on efforts to improve the living conditions]

More than 500 college graduates have been assigned to the base in recent years. Some 85 percent of them have become professional technical backbone elements, over 90 percent have performed meritorious service, and nearly 100 of them have been rated as outstanding intellectuals or outstanding scientific and technological cadres. In scientific research and experiment, the base has set the highest records in the number of guided missiles launched on a single day, in a single month, and in a single year. It is also the first base in China to successfully complete a multi-targeting, minimum-altitude missile launching. It accomplished more than 100 scientific research and experimental tasks with flying colors. Six of the scientific research projects filled in the gaps in China's scientific and technological field, and dozens of research results received state or military science and technology progress awards.

Heilongjiang Secretary Views Militia Work

SK1101085594 Harbin HEILONGJIANG RIBAO in Chinese 20 Dec 93 p 1

[By reporters Liu Heng (0491 1854) and Li Feng (2621 2800) "Further Enhance the Party's Leadership Over the Armed Forces Work"]

[Text] Sun Weiben, secretary of the provincial party committee and first secretary of the party committee under the provincial military district, delivered a speech at a meeting held on 19 December. She held it with the participation of first secretaries from the party committee of various military subdistricts across the province and responsible persons from the armed forces committees at all levels. In his speech Sun Weiben stressed: Party committees at all levels, particularly the first secretary of military subdistrict party committees, should foster, under the new situation, the concept of enhancing the party's control over the armed forces and never weakening the party's control in this regard. They should also concentrate on the concept of achieving harmonious development between the construction of national defense reserve forces and economic construction. The construction of militia and reserve forces should be put on the daily schedule of local party committees as well as into the overall construction plan at the prefecture-city level and into the system in which the first secretary holds responsibility for the construction in this regard during his tenure. Party committees at all levels should ensure the assignment of various duties of the armed forces work to responsible personnel and exercise strong leadership over the work.

Attending the meeting were leading personnel from the party, government, and Army organs, including Shao Qihui, Tian Fengshan, Shan Rongfan, Chen Yunlin, Yu Jingchang, and Wang Guiqin.

Party committees at all levels throughout the province and armed forces departments have enhanced the party's leadership over the armed forces in the past two years. They have done this by closely following the center of economic construction. Thus, the province's construction of national defense reserve forces has developed overall and the sense of national defense for the broad masses of cadres and the personnel of militia and reserve forces has been obviously improved. The armed forces units at grass-roots levels have remained stable thanks to conducting reforms among the systems. The construction of leading bodies for the people's armed forces departments and that of cadres' contingents have been strengthened. The average age of cadres in charge of the armed forces work has shown a four-year decrease over the past and their structure of specialized knowledge has been greater improved. The organizational construction of militia and reserve forces among key localities has been further implemented. The quality of military training and administrative work undertaken by the militia and reserve forces throughout the province has been upgraded. 90 percent of counties, county-level

cities, and districts have realized their training of reserve forces in their neighboring military bases. The qualified rate of trainees has reached more than 98 percent. Meanwhile, various localities have upheld the principle of using the armed forces and training armed forces in the course of reform and construction and having the personnel of militia and reserve forces play an important role in building the two civilizations. Since the campaign of "scientific and technological winter", one million personnel of militia and reserve forces throughout the province have attended the training classes on technologies suitable to rural areas. These classes have turned out 200,000 graduates, talented personnel who have done a lot in developing the commodity economy in rural areas. During the campaign of "supporting the poor and helping the difficult", 70 percent of poor households under the support and assistance of militiamen, and farms run by the people's liberation army units stationed in the province, have dealt with the problems of dressing warmly and eating their well. 32 percent of them have gotten on the road to riches. Various localities have the militia and reserve forces in the activities of combating floods and dealing with emergencies, taming large rivers, building water conservancy works, and fulfilling tasks for building the state key projects in the province. These localities have also pioneered a new road: Integrating the development of productive forces with the upgrade of fighting capability. While safeguarding social peace, the personnel of militia and reserve forces across the province coordinated with the public security departments in cracking down on 213 serious and appalling criminal cases and capturing 4,365 criminal elements this year.

In his speech Sun Weiben also emphatically pointed out: Efforts should be made to enhance the party's control over the armed forces and to have the first secretary assume the important responsibility in the work. A good job must be done in carrying out political construction among the militia and reserve forces and persistently applying the socialist theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics to arm the minds of these armed forces. Efforts should be made to have education on missions, and fine tradition among the personnel of militia and reserve forces; to maintain the correct work orientation of militia and reserve forces; and to ensure that these forces are always under the absolute leadership of the party. Meanwhile, party committees at all levels, in particular the first secretary, should continuously enhance their self study: go deep into reality in order to carry out investigation and study; explore the characteristics and laws of the armed forces under the new situation. Attention should be paid to the role of the armed forces departments in being a "staff organ", being good at coordinating with departments concerned, to commonly and jointly managing, persistently implementing the regulations and systems that have been proven effective in enforcement, and realistically upgrading the capability and level of leadership over the armed forces work.

During the meeting Yu Jingchang, member of the provincial party standing committee and political commissar of the provincial military district, delivered a report entitled "By Meeting the New Situation of 'Two Changes', We Should Improve the Quality of the Province's Work in Building Militia and Reserve Forces to a New Level".

Economic & Agricultural

Li Peng Tours Three Gorges Project Site

Voices 'Concern' for Settlers

OW1101141994 Beijing XINHUA Domestic Service in Chinese 1253 GMT 23 Dec 93

[“Newsletter” by XINHUA reporters Zou Aiguo (6760 1947 0948) and Tang Weibin (0781 5898 1755): “The Great Undertaking of the Three Gorges Project Will Shine a Thousand Years To Come—A Report on Premier Li Peng’s Inspection of the Three Gorges Project”]

[Text] Yichang, 23 Dec (XINHUA)—Standing on the central axis line at the future worksite of the Great Three Gorges Dam with a pair of binoculars, Premier Li Peng commanded a full view of the water near him and a mountain in the distance.

The Tanzi Mountain is on the left bank and the Baiyanjian Mountain is on the right bank; a bustling worksite and the rushing Changjiang are also in view.

On 20 December 1993, accompanied by Chen Jinhua, minister of the State Planning Commission; Guo Shuyan and Li Boning, deputy directors of the State Council Three Gorges Project Construction Committee; and Jia Zhijie, governor of Hubei, Premier Li Peng arrived in Sandouping to inspect the preparatory work for the Three Gorges Project.

Sandouping, 40 kilometers away from Hubei Province's Yichang City, is the dam site for the Changjiang Three Gorges Key Water Control Project, a project that has attracted worldwide attention. The Three Gorges Project officially entered the preparatory stage on 26 July this year. The earth-and-stone work on the building of the cofferdam, the first stage of the project, began on 24 October on the right side of the river bed. The roaring sound of the motor shook and awoke the sleepy valley.

Ascending the platform of the Zhongbaodao cofferdam, Li Peng gazed in the distance. Great changes have taken place here during the past year. Zhongbaodao was quiet when Li Peng inspected the Three Gorges on 25 November 1992. But now the first stage earth- and-stone-work of the cofferdam task has begun. The experimental section of the 750-meter cofferdam, which was completed at the end of June, has stood the test of the peak of the flood season.

Standing in front of the “Map of the Changjiang Three Gorges Key Water Control Project,” General Manager

Lu Youmei and Deputy General Manager He Gong of the China Changjiang Three Gorges Project Development Corporation briefed Li Peng and others on preparations for the project, pointing out that the major objectives of this year’s preparatory work have been basically realized following five months’ efforts.

Li Peng said: “The project’s preparatory work involves a heavy workload. We must do a good job. As we are building here the most modern and first-rate project in the world, we must set first-rate engineering standards.”

A white central axis line was painted on the center of the platform of the cofferdam. Li Peng looked at the Baiyanjian Mountain in the right bank with his binoculars. He asked: “What is the height of this mountain peak?” Wei Yanzheng, deputy director of the State Council’s General Office for the Three Gorges Project, replied: “240 meters above sea level.” Li Peng continued: “After completion of the Three Gorges Project, the distance between that mountain peak and the 185-meter dam will only be 50-60 meters. You should build a forest park there to preserve the beautiful scenery and excellent ecological system in the dam zone. Turning around, Li Peng looked at the Tanzi Mountain in the distance on the left side of the bank and asked: “What about this peak?” “It is also about 200 meters above sea level,” came the reply.

Li Peng walked up to the north side of the cofferdam’s platform amid the din of the machine. Some 30 dump trucks were seen travelling back and forth to dump the full load of sand and stone into the river. Li Peng turned to Qiao Shengxiang, chief of the Gezhou Dam Engineering Bureau, who is responsible for building the cofferdam, and said: “Cofferdam building has a direct bearing on the formal beginning of the Three Gorges Project. You bear a great responsibility.” Li Peng turned again to Lu Youmei: “The building of the Three Gorges Project must be mechanized. First-rate builders must be mobilized for this project.”

Seeing Li Peng walking toward them on the cofferdam’s platform, workers there greeted the arrival of the premier with warm applause, and Li Peng waved at them. Li Peng spoke to Chen Jinhua, Guo Shuyan, Jia Zhijie, Lu Youmei, and other comrades while walking on the platform: “We should introduce a competitive mechanism into the Three Gorges Project and adopt a bidding system so as to attract the most outstanding construction teams to the Three Gorges Project. Competition raises efficiency. A competitive mentality is needed in our effort to build a socialist market economy.”

Li Peng showed concern for the Three Gorges Project, for the preparation of the project, and for millions of settlers. Prior to inspecting the project’s preparatory site, he made a special trip to visit the people who were resettled at the Zhujiawan resettlement zone located at the lower reaches of the dam site.

The Three Gorges Project, being an extra-large and key water-control project, is confronted with a tough task of

resettling the people. Premier Li Peng has repeatedly emphasized: "The success or failure of the Three Gorges Project depends on resettling the people." Following many years of experiments, the dam zone has gained many useful experiences in the work of resettling the people. The masses generally welcome the experiment, since then have experienced marked economic, social, and environmental benefits in various resettlement sites.

Walking on a gravel road, Li Peng headed toward a temporary resettlement area. Yichang County Head Chen Hua pointed at a residential building in the distance which is undergoing construction and told the premier: "That building is for the settlers. It can accommodate 162 settlers. A total of 92 people from 26 households will move into their new houses before the Spring Festival.

With much interest, Li Peng inquired into the details of the new houses for settlers. In a makeshift house, Li Peng was found sitting together and chatting with the family of settler Zhou Bin. Li Peng asked: "How many rooms did you have in your former house?" "Two," came the reply. "What is the size of the new house?" "160 square meters." Li Peng smilingly said: "It is bigger than your former house." Zhou Bin said: "That is because of the meticulous arrangements made by the party and government."

Li Peng asked Zhou Bin again: "What was your original occupation? "I was a carpenter." "What have you done after moving?" "After moving here, I was recruited into the village's construction team."

Li Peng said: "Carpenters play a big role in house building; they make windows and furniture." Zhou Bin spoke with pride: "I make those things." Li Peng spoke in a tone of praise: "As you have skills, you will surely lead a comfortable life!" At this, Zhou Bin smiled.

Li Peng looked inside and outside the house of Zhou Bin. He said: "Your housing condition is much better than that of the house I was provided in Tangshan when I took part in post-quake relief work. I stayed in Tangshan for over three months.

After bidding farewell to the Zhous, Li Peng visited another makeshift house. Viewing the surroundings, Li Peng asked Yang Guanghua, master of the household, about the number of family members and the size of the house. The old man told him that he had 12 members in his family and that they lived in three big rooms. Li Peng said: "You surely have a big family with four generations living under one roof. Your housing condition will improve after moving into a new house."

During their chat, a woman holding a little girl walked into the house. The little girl said: "How are you, uncle?" Li Peng asked "What is your name?" "I am Yang Qin." The innocent look of the little girl made all at the scene laugh.

Li Peng moved around the neighborhood at the temporary settlement site. At one time, he was seen talking with the people, and at another, he was seen discussing the resettlement plan with provincial, city, and county level cadres. He said: "The Three Gorges Project will benefit future generations. A great number of settlers have made great sacrifices for the construction of the project. As the resettlement work affects many people, we must stick to the development-type resettlement policy and properly resettle them."

Li Peng spoke to comrades who are involved in the resettlement work: "Resettlement work requires comprehensive planning and must proceed in strict compliance with the "Changjiang Three Gorges Construction Project's Resettlement Regulations" promulgated by the State Council. It is necessary to determine short-term as well as long-term priorities in the resettlement work according to the progress of the project and to expedite the resettlement work on the premise of fund availability. The current priority should be given to resettling people who live near the proposed dam site."

"I greatly appreciate the slogan, 'Serve the Great Three Gorges and Build a New Yichang' advanced by Yichang City." Li Peng added: "The building of the Gezhou Dam has invigorated Yichang. The Three Gorges Project will paint an even more beautiful picture for Yichang's development prospects. Comrades in Yichang should foster the thinking of serving the Three Gorges Project and make positive contributions to the project."

When leaving Zhujiawan, Li Peng waved and bid goodbye to the people there. He wished them all a happy Spring Festival and hoped that they would enjoy their new houses.

Following the inspection of the Three Gorges Dam Zone, Premier Li Peng rushed to Yichang City by transiting through the Sandouping building site again. The roar of the drilling machines and the sound of the motor vehicles, like part of a majestic symphony, reverberated along the great rushing river.

Briefs State Council on Visit

OW1101133494 Beijing XINHUA Domestic Service in Chinese 1202 GMT 25 Dec 93

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 25 Dec (XINHUA)—The Three Gorges Project Construction Committee under the State Council held its third meeting in Zhongnanhai this afternoon. Those at the meeting heard briefings on construction preparations and on the resettlement of residents in the affected areas, and discussed matters concerning the project.

Premier Li Peng, who had just returned to Beijing from an inspection tour of the Three Gorges project, presided over the meeting.

Lu Youmei, general manager of the China Changjiang Three Gorges Project Development Corporation, briefed the attendees on the progress of preparations made for the construction of the project. According to the briefing, since the Three Gorges Project Construction Committee under the State Council approved the initial design of the project last July, preparations have been made for the construction of the project rather smoothly. Several objectives set at the beginning of the year were basically achieved. The year 1994 will be a year during which preparatory work for the construction of the projects will be done in an all-round way although the tasks will be very arduous. For this reason, all relevant departments should make concerted efforts to fulfill the annual plans in order to make full preparations for the construction of the project.

With the approval of the State Council, the Three Gorges Project Construction Committee will call a meeting on the resettlement of residents in the affected areas within the next few days to solve major problems in this regard. The meeting will also be aimed at mobilizing people's governments at various levels and large numbers of cadres and people in the areas along the planned reservoir to carry forward the spirit of self-reliance and hard struggle, and at mobilizing people in various parts of the country and departments of the State Council to support the resettlement of residents in the areas affected by the Three Gorges project, and to promote economic development in the areas along the Three Gorges. Tang Zhanjin, director of the Resettlement and Development Bureau of the Three Gorges Project Construction Committee under the State Council, gave a special briefing on preparations made for the forthcoming meeting.

While speaking at the meeting, leading comrades from Hubei and Sichuan provinces and from relevant departments of the State Council said that efforts should be made to do a good job in resettling residents of the affected areas and to support the construction of the Three Gorges project.

After hearing speeches by attendees, Premier Li Peng said: Organized by the Changjiang Three Gorges Project Development Corporation and through the concerted efforts of workers, tremendous progress has been made over the past year in preparing for the construction of the Three Gorges project. He once again stressed: The Three Gorges project will be a trans-century project, and its construction will have great significance for our country's economy—it will benefit people not only of the present age but of centuries from now. Relevant localities and departments must work together, support one another, and, with a strong sense of responsibility to the people, successfully carry out this great project which will benefit future generations.

In his speech, Li Peng also emphasized that ministries and commissions of the State Council should set an example in supporting the project and take practical action in supporting construction in the areas along the Three Gorges.

On the resettlement of residents of the affected areas, Li Peng pointed out: The success or failure of the Three Gorges project depends on the resettlement of residents of the affected areas, and the key to doing a good job in this regard lies in leaders at various levels. It is imperative to uphold the principle of resettlement and development. Residents in the affected areas should be resettled according to the "Regulations Governing the Resettlement of People Due to the Construction of the Three Gorges Projects on Chang Jiang" and the special characteristics of the resettlement areas. In the excellent situation of reform and opening up, and with the support of people across the country, we must do a good job in resettling those people.

Other speakers at the meeting included Zou Jiahua, vice premier of the State Council, and Qian Zhengying, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and adviser to the State Council's Three Gorges Project Construction Committee, who expressed their views on matters concerning the construction of the project.

Zou Jiahua on Shaanxi Mining Investigation

IIK1001100694 Xian Shaanxi People's Radio Network
in Mandarin 0500 GMT 31 Dec 93

[Text] The social and legal committee of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC] recently pointed out some problems and put forward suggestions after investigating the Tongchuan Mining Office, which attracted close attention from Vice Premier Zou Jiahua and relevant state ministries and commissions.

According to the investigation, since the beginning of this year, the Tongchuan Mining Office's coal production has shown a significant downward curve and its deficit dramatically increased, which has seriously undermined the production of coal, circulation of funds, worker livelihood, and the stability of the mines.

In view of the existing problems, provincial CPPCC committee members put forward a six-point suggestion. Vice Premier Zou Jiahua, upon reading the investigation report of the Shaanxi provincial CPPCC committee, which had been transmitted to him by a relevant department on 27 October, commented: These suggestions are very good. They should be really looked into. I hope the Ministry of Coal Industry, the Ministry of Railways, the Ministry of Labor, and relevant financial and banking units will form a work team, to be led by the Ministry of Coal Industry, to join hands with the Shanxi government in helping Tongchuan solve the problem. The same

principle should apply: Reducing workers, enhancing efficiency, recognizing clearly who the users are, and organizing transportation.

According to Comrade Zou Jiahua's comments, the State Council work team, the provincial economic and trade commission, the labor department, the coal industry administration bureau, the Zhengzhou Railway Bureau, and the Xian Railway Subbureau conducted a joint investigation and study and put forward specific solutions to the difficulties now facing the Tongchuan Mining Office.

Trade Minister Extols Mao's Trade Theories

HK1101141894 Beijing GUOJI SHANGBAO in Chinese
26 Dec 93 p 1

[Article by Wu Yi, MOFTEC Party Group Secretary and Minister: "Study Mao Zedong Thought and Open Up Future for Foreign Economy and Trade Work"]

[Text] Today is the centenary of Comrade Mao Zedong's birth. As greatly excited as other cadres, staff members, and workers throughout the Ministry of Foreign Trade and Economic Cooperation [MOFTEC], I cherish the memory of Mao Zedong, the great man with outstanding achievements.

Comrade Mao Zedong was a great Marxist. He was the chief founder of our party, Army, and state, and the great leader of the Chinese people of all nationalities. He has held an everlasting important position in contemporary history as well as in the history of the development of Marxism and socialism. He creatively combined the fundamental tenets of Marxism with concrete practice of the Chinese revolution, pooled the experience and wisdom of our party, and formed Mao Zedong Thought. His erudite and profound theoretical thinking is a spiritual treasure house that is inexhaustible for our study and application. The great achievements of Comrade Mao Zedong are comprehensive. Through protracted and extreme hardships and difficulties, he led the Chinese people in overthrowing the three big mountains, founding New China, and subsequently engaging in various facets of construction. As a great strategist in foreign affairs, he conducted substantial pioneering work for, and made tremendous contributions to, the establishment of China's foreign strategy and the formulation of foreign policies. He also performed immortal deeds in the establishment of China's foreign economic and trade system and the formulation of the principles and policies of foreign economy and trade, which has been part and parcel of the foreign work.

Comrade Mao Zedong always took the country's undertaking in foreign trade and economic cooperation very seriously. As early as the time when the CPC was setting up revolutionary bases and liberated areas before the founding of the republic, Comrade Mao Zedong proposed that decisionmaking power in foreign trade should be in the hands of the people, which should be taken as an objective of China's new democratic revolution. For

this purpose, practice in pioneering the cause should be carried out. At a preparatory meeting of the new Chinese People's Political Consultative Conference held on the eve of New China's birth, Comrade Mao Zedong proclaimed: "The Chinese people are willing to have friendly cooperation with the people of various countries in the world, and resume and develop business contacts with them to facilitate the growth of production and bring about a prosperous economy." After the PRC was founded, Comrade Mao Zedong took hold of the overall situation and enthusiastically showed concern for China's foreign economic and trade undertaking, regarding the positive development of foreign economic cooperation and trade relations, to be based on independence and self-reliance under the principle of equality and mutual benefit, as a guiding ideology of economic and trade exchange between China and the world. He presided over relevant meetings several times to keep abreast of the foreign economic and trade work and to examine and approve major steps for the establishment and development of New China's socialist cause in the area of foreign economy and trade as well as the basic principles and policies of relevant work. Also, he repeatedly pointed out the necessity of relying mainly on the domestic market while making the foreign market subsidiary, but stressing the importance of developing the latter. Its significance must not be underestimated, nor must the efforts to develop this market be slackened. It was his consistent view of doing business, both with the socialist and people's democratic countries and the capitalist countries. When he met with leaders and delegations who came to visit China or when he personally visited commodity fairs, he would instruct foreign trade workers to conduct wide-ranging exchanges at home and abroad, open up the international market, expand exports, and ensure product quality, with a view to rapidly developing and expanding China's national economy.

With a view to furthering friendly relations between China and the world, Comrade Mao Zedong, in the spirit of patriotism and internationalism, stressed the need to vigorously conduct economic cooperation and trade with foreign countries to serve China's foreign work and socialist construction. Guided by his brilliant thought, foreign economic and trade work has become a bridge promoting friendly contacts between the Chinese people and the people of various countries, which has given impetus to developing China's cooperation with the international community.

Thanks to Comrade Mao Zedong's concern, the foreign economic and trade system of New China deliberately took shape in a relatively short period of time, which has played an important role in socialist modernization, and which has held a certain position in international economic relations and trade as well. Such momentous achievements have opened vast vistas for the development of China's foreign economic and trade undertaking.

Today, the purpose of reviewing Comrade Mao Zedong's immortal feats for China's revolution and construction, his tremendous contributions to the liberation of the oppressed peoples and the cause of human progress, and his concern for foreign economic and trade undertaking lies in cherishing memory of Comrade Mao Zedong, in expressing our feeling of respects for him and, more importantly, in emulating Comrade Mao Zedong's brilliant thought of developing foreign economic and trade undertaking under the new historical condition, in a bid to open up the future of the foreign economic and trade undertaking under the constant guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

Comrade Deng Xiaoping has inherited and developed Mao Zedong Thought by integrating Marxism and Mao Zedong Thought with practice in contemporary China and the characteristics of the age. He put forth a complete set of theory on building socialism with Chinese characteristics, which is the valuable wealth of the CPC and the Chinese people. At present, we should develop the style of study of integrating theory with practice, conscientiously study Volume 3 of *Selected Works of Deng Xiaoping*, systematically master the spirit and essence of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, arm the minds of party members, cadres, staff, and workers of our ministry with this theory, and more consciously apply the Marxist stand, views, and methods in studying and resolving new problems. It is particularly necessary to take Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the theoretical base and guiding principle for doing our foreign economic and trade work, and to seriously study and solve the major practical and theoretical problems urgently awaiting a solution in the course of the in-depth foreign economic and trade structural reform to wrest new victory in the cause of building socialism with Chinese characteristics and in the foreign economic and trade undertakings.

Today, in recalling Comrade Mao Zedong, we should take the great achievements and ideological examples of Comrade Mao Zedong and other proletarian revolutionaries of the older generation as well as the concern and expectations of Comrade Mao Zedong for foreign economic and trade work as an enormous spiritual strength that constantly inspires us in our victorious advances. Under the leadership of the party's Central Committee with Comrade Jiang Zemin at the core and the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, let all party members, cadres, staff, and workers throughout MOFTEC steadfastly persist in the party's basic line, unite as one, forge ahead, and work in a solid manner, to prove ourselves to be worthy of the concern shown by Comrade Mao Zedong and other proletarian revolutionaries of the older generation for our foreign economic and trade work, to achieve the magnificent objective of the in-depth foreign economic and trade structural reform

sketched by the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee, and to strive to fulfill various missions set forth by the party and state for foreign economic and trade work!

Official To 'Reassure' Foreign Investors

HK1201083894 Hong Kong AFP in English 0821 GMT
12 Jan 94

[Text] Beijing, Jan 12 (AFP)—China's top tax official took pains Wednesday to reassure foreign investors concerned that sweeping fiscal reforms implemented this year will increase their tax burden.

The most dramatic changes in China's tax system since 1949 were implemented January 1, and there has been confusion over the implications of the reforms, principally aimed at boosting central government revenue.

Foreign firms are mainly concerned with the fate of the preferential corporate-tax rates they have enjoyed as a result of China's push to attract foreign investment in recent years.

"The preferential treatment already extended to foreign investors in terms of their corporate income tax will remain unchanged," state administration of taxation director Jin Xin told a news conference here. The preferential 15 percent income-tax rate is for foreign-funded firms operating in China's special economic zones, coastal economic and technological development areas and Shanghai's special Pudong industrial zone.

The new tax reforms abolish the old unified industrial and commercial tax on sales, replacing it with a unified corporate-tax rate of 33 percent. A new value-added tax (VAT) of 17 percent on most products has also gone into effect. Luxury goods, such as tobacco, alcohol and cars, now carry a stiff 45 percent excise tax in addition to the VAT.

While the reforms will inevitably bring some changes to the tax bills of foreign-invested enterprises, Jin said, he stressed that they primarily involved a restructuring of the taxation system rather than a blanket tax hike. "The majority of foreign-funded enterprises will have a similar tax burden before and after the current reform," he said.

Jin also outlined a special policy for refunds to foreign firms whose tax payments increased as a result of the changes. While the new taxes are still being levied, any resulting additional tax burden will be refunded for the duration of those firms' existing contracts over a maximum period of five years, Jin said. However, within those five years—or until their contract expires—"they have to transform their operational mechanisms, improve their economic efficiency and create conditions so as to compete with domestic enterprises" at the same tax rate, Jin said. The special policy will only apply to foreign-investment projects approved before January 1.

Jin admitted that during the transitional five-year period, foreign-funded firms that set up in China before and after January 1 would operate on a different tax scale, but added that it was normal for a dividing line to be drawn somewhere.

Jin also said there were no immediate plans to introduce production-related reductions in the amount of VAT paid by foreign firms purchasing equipment in China. Some foreign companies have expressed concern that the proposed system makes no provisions for reducing VAT payments in the long term as exist in other countries. However, Jin added that such provisions could be introduced at a later stage if they proved reasonable and feasible.

Government To 'Encourage' Private Sector

HK1201075394 Beijing CHINA DAILY in English 12 Jan 94 p 1

[By staff reporter: "Plan Puts the Private Sector on Fast Track"]

[Text] China will actively encourage private business as part of the nation's effort to build a comprehensive market this year, a senior official said yesterday.

Private enterprise needs to be developed faster, especially in the service sector, said Liu Minxue, head of the State Administration for Industry and Commerce (SAIC), the country's top business watchdog.

Liu told a national conference in Beijing yesterday that governments at all levels should encourage cooperation between the private businesses and other economic sectors to create a mixed economy.

The State had a policy of encouraging private enterprise in all kinds of areas—except key national economic sectors and industries like defence, Liu said.

A strong private sector is one of the preconditions of fair market competition, he said, adding that local governments should consider it part of the country's economic structure and work hard to develop it as a principal component of an integrated socialist market.

Encouraging the private sector is part of the State's plan to develop a sound market system based on the new laws against unfair competition and on consumers' rights.

SAIC reports say the private sector is becoming more and more important to local economies in both the better-developed coastal regions and some poor inland areas.

Twenty-eight provinces, autonomous regions and municipalities have issued local measures and policies to promote private business.

As a result, the country had 16 million private businessmen and women by the end of September, 11.7

percent more than 12 months before. There were 210,000 private enterprises, 73 percent more than the previous year, Liu said.

Last year's tax payment from private businesses and enterprises was expected to be 25 billion yuan (\$2.87 billion), according to the State Tax Administration.

Meanwhile, Liu said at the conference that China will do more to ensure fair competition among enterprises.

The measures are expected to come out soon following the introduction nationwide of a new business registration system, a move considered very important to the growth of the market economy.

The new registration system aims to give enterprises the chance to make their own decisions and make them responsible for profits and losses, said Liu.

He said the reform means less direct government control, except in key State enterprises.

Most enterprises will now sign on directly at registration departments instead of first getting approval from government departments as before, he said.

Liu also pledged to enlarge the scope of registration to include businesses run by universities and research centres.

By the end of last September, the number of registered businesses in China was 7.113 million, 22 percent more than nine months before, Liu said.

Article Views Zhili Toy Factory Fire

HK1001143194 Beijing RENMIN RIBAO in Chinese 29 Dec 93 p 4

[“People's Forum” article by Zhong Huai (6988 2037): “Thoughts on 'Zhili' Tragedy”]

[Text] A disastrous fire which broke out in Shenzhen Zhili Toy Factory on 19 November led to a tragedy: The factory suffered heavy casualties, including 83 workers dead. This is the highest fire death toll Guangdong Province has ever experienced since the beginning of reform and opening up, and also a disaster rarely seen in the whole country. Investigations have showed clearly that this is a major accident due to negligence, and both the foreign investors and the managerial staff of the Chinese side have unshirkable responsibility for the tragedy.

Though there are only a small number of foreign-invested factories which, like Zhili, give no thought to the safety of workers, yet it has been learned that some foreign-invested enterprises, especially those operating on a small-scale, have been found to have various problems with labor protection, and they often infringe upon the legitimate rights and interests of workers. For instance, the lack of labor safety devices in these enterprises has led to many industrial accidents, and the

adverse labor environment has done great harm to the workers' health. In addition, many enterprises arbitrarily lengthen working hours and make most of their workers work extra shifts or hours; some arbitrarily reduce or embezzle part of workers' wages, and reduce or even cancel insurance and welfare allowances which should be extended to workers; while others punish and dismiss workers at will, and even exercise physical punishment, make body searches, and place their workers in confinement. All these will, undoubtedly, result in the resentment of workers and staff working in these enterprises, and trigger off a number of labor disputes. People in all walks of life also find things in these enterprises totally intolerable.

The whole world has noticed that China is currently carrying out the principle of reform and opening up, and will go on with the principle for a long period of time to come. China opens its door wide to businessmen coming from outside the country. We extend warm welcome to foreign businessmen who make investments and run enterprises on the mainland, treat them with due respect, and try our best to make things convenient for them. Their wish to make money is tenable. Yet one thing they must bear in mind is that they must abide by Chinese laws, which includes rules and regulations on production safety and labor protection. China is a socialist country, and workers are masters of our country. By the same token, Chinese workers and staff working in foreign-invested enterprises are also masters of our country, and their political and economic rights and interests are protected by the Chinese Constitution and law. It is true that a small number of our workers did violate labor discipline, and some engaged themselves in little pilfering. What should we do with these people? We can cope with them in accordance with factory regulations, conduct criticism and education, hand down appropriate punishment, and even take their names off the books. However, no enterprise can set its regulations against Chinese law; and beating and cursing of workers at will, body searches, confinement, encroachment on personal freedom, and damage to personal dignity are not allowed by the law.

Some foreign businessmen know very little about Chinese law. They believe that since the workers are hired hands, the boss and managerial executives of an enterprise can do anything they want to the workers. This is an extremely incorrect concept. Local governments and trade unions (if they have already been set up) of these enterprises should help foreign investors get familiar with relevant Chinese legal regulations, supervise implementation of these regulations, request amendments to any factory regulations that proves contrary to Chinese law, and ask for improvements to deficient conditions stipulated in labor contracts. While protecting the legitimate operation of foreign investors, we also need to safeguard the legitimate rights and interests of our workers. On this issue, we should firmly speak what we must say, and stand firm on matters of principle. What we do will not scare away foreign investors; on the

contrary, the number of labor disputes and various accidents can only be reduced when people stand firm on matters of principle and act in accordance with the law. Only by so doing can we base our cooperation with foreign businessmen on a solid foundation so that the cooperation can grow in a healthy way.

Wise foreign businessmen also understand this point. Not long ago, two Japanese guests staying in the Shanghai Nikko Longbai Hotel suffered loss by theft. Two Chinese female workers working in the hotel came under suspicion of the hotel's Japanese managerial staff, who instigated others to conduct an illegal nude body search on the two female workers. Workers and staff of the hotel expressed their strong indignation, and urged relevant sources to handle such encroachments on personal rights in accordance with the law. In the end, the Japanese side dealt with the matter sternly: Among the three managerial staff involved, one was recalled back to his country, while the other two were punished by serious warnings and a six-month period of salary reduction; the general manager of the hotel was also given punishment of serious warning and a 10-month period of salary reduction. In addition, the hotel made an apology to the two victimized Chinese female workers and offered them financial compensation. In this way, the labor dispute was settled in a fairly satisfying manner. The way Nikko treats the mistakes made by their subordinates is worth using for reference by other foreign businessmen.

PBOC Allows HK Currency in Shenzhen, Zhuhai HK1101061294 Hong Kong LIEN HO PAO in Chinese 10 Jan 93 p 1

[By Hsu Yun-teng (1776 0061 7506): "People's Bank of China Specially Permits Continued Circulation of Hong Kong Currency in Shenzhen and Zhuhai"]

[Text] When interviewed by this reporter by telephone yesterday, an authoritative senior official of the People's Bank of China [PBOC] pointed out: A compromise has been made between the group of officials who advocate banning the circulation of Hong Kong currency in Shenzhen and Zhuhai and another group of officials who advocate allowing its circulation there. The two groups have agreed that "for a period of time to come, the PBOC will specially allow Hong Kong currency to circulate and be used in the areas of Shenzhen and Zhuhai."

As for how many months or years that "period of time to come" means, he said: There is no specific timetable, which may be a very short period, or a very long one.

He commented further, saying: The Bank of China Hong Kong Branch will soon participate in the issuance of Hong Kong currency. After Hong Kong is returned to Mainland China in 1997, Hong Kong currency will not be treated as foreign currency. This does not conflict with the existing prohibition.

He anticipated that Hong Kong currency will probably be circulated and used in Shenzhen and Zhuhai for a considerably long time in order to facilitate the operations of people and enterprises there.

He said: "In fact, it is unfeasible to ban the circulation of Hong Kong currency in Shenzhen and Zhuhai. Such being the case, it is unnecessary to insist on banning the currency there."

Qin Chijiang, a director of the Financial Research Institute of the PBOC, also confirmed the correctness of the above remarks and the consensus reached within the PBOC.

The news gives evidence to an exclusive report by this newspaper, which revealed a few days ago that the Shenzhen Branch of the PBOC had insisted that such a ban was unfeasible, and that it would "omit" concrete measures for carrying out the ban in its report for submission to its Beijing head office.

In addition, this newspaper also exclusively disclosed that Yin Jieyan, director of the State Administration of Exchange Control, had secretly visited Shenzhen a couple of days ago, and, after his return to Beijing, tried to persuade policymakers at the PBOC not to forcibly ban the circulation of Hong Kong currency in the areas of Shenzhen and Zhuhai.

Insurance Official Reports Business Figures

OW1001134394 Beijing XINHUA in English 1314
GMT 10 Jan 94

[Text] Beijing, January 10 (XINHUA)—China's insurance business continued to develop at a high speed in 1993.

The People's Insurance Company of China (PICC), which holds a monopoly over 98 percent of the country's insurance business, reported an overall income of 49.8 billion yuan, up 36.1 percent over the previous year.

More than 26.1 billion yuan of the total income was yielded from insurance premium income, and the pension fund income was 23.6 billion yuan, rising by 32.3 and 38.8 percent respectively over the previous year.

According to Dai Fengju, vice-general manager of PICC, about 700,000 enterprises applied for enterprise property insurance, while 350 million persons have become insured.

Moreover, 100 million-plus households have bid for family property insurance. A special planting insurance has covered 30 million hectares.

Dai declared that PICC claims and pension payments reached 27.1 billion yuan last year. Payment from domestic property insurance was 16.3 billion yuan, with personal insurance at 8.6 billion yuan and foreign affairs-related insurances at over 2.1 billion yuan.

PICC also established overseas companies in Hong Kong and Britain, namely the China Insurance Hong Kong (Group) Company and the China Insurance U.K. Holdings Company. So far PICC has opened 115,000 agencies throughout the country.

Dai explained that in this year, PICC will mainly contribute efforts to developing some major insurance policies.

For domestic property insurance, PICC will emphasize developing of insurance for enterprise property, cargo transportation and product liability.

Foreign-related insurance business, such as non-marine insurance and aviation personal insurance, will still be a focal point of development.

Others will include agricultural insurance on some commercial, foreign exchange-earning and hi-tech projects, and all kinds of pension insurance, health insurance and short-term personal insurance.

Dai also pledged that aiming to meet the demands of entering the international insurance market and developing China's commercial insurance, PICC has decided to carry out a trial operation of subsidiary companies.

A re-insurance system has been set up in PICC which ordered branch companies to shift 20 percent of their domestic insurance business to the general company. Moreover, branch companies are asked to sign excess insurance contracts with the general company, which demands that the two conduct domestic non-life insurance together.

Dai said that besides these measures, PICC will separate management on policy-based insurance business, which focuses on export-credit insurance and agricultural insurance, from commercial insurance items.

Journal on Reform of Investment Structure

HK0401131094 Beijing JINGJI YANJIU in Chinese No 11, 20 Nov 93 pp 23-31

[Article by the Research Group of the Investment Institute of the State Planning Commission, edited by Hong Liang (1347 0081), compiled from the full text of the original 46,000-character report by the Economic Research Center of the State Planning Commission, entitled, "A Study of Reform of the Investment Structure"; Tian Jianghai (3944 3068 3189) supervised the overall project, and Shen Zhiqun (3088 1807 5028) wrote the article, other participants were Luo Yunyi (5012 0061 3015), Zhang Hanya (1728 3352 0068), Wang Xin (3769 2500), Wang Yuanjing (3769 0337 0079), Zhao Shitang (6392 0013 1016), and Fan Bi (5400 1801); "The Reform of China's Investment Structure During the Transition to a Market Economy"]

[Text] The remarks made by Deng Xiaoping during his inspection tour of South China in early 1992 marked a turning point in China's entry into another historical

period of accelerated reform, opening up, and economic construction. The investment structure, which is the important driving force and core of the cause of reform and development, and reform of this structure, have again become a matter of great concern to senior Chinese leaders and basic-level enterprises alike. On the basis of carefully analyzing the course of history and the lessons of reform of the investment structure over the past 14 years, we should search for a general model for the reform of China's investment structure in the light of the overall objective of the reform to establish a socialist market economy system, and we should work out short-term reform measures for realizing this target model. This has become our pressing task in promoting reform of the economic system as a whole.

I. A Basic Appraisal of Reform of the Investment Structure Over the Past 14 Years

In China, the term investment structure generally refers to the operating mechanism and management system for activities in fixed- assets investment. It mainly covers the activities of investment entities, fund-raising methods, the ways in which investment is employed, the process by which projects are decided upon, the management of construction programs, and the macroregulation and control system. China's investment structure is basically one which has gradually developed in the wake of large-scale economic construction shortly after the founding of the People's Republic, and constitutes the integral core of the traditional planned economy structure. The experimental reform introduced in 1979 to replace government allocation by bank loans for investment in capital construction heralded the reform of the investment structure. Reforms carried out in this connection in the 14 years since then have produced a new investment structure:

First, the opening of multiple channels of investment in diverse economic sectors has put to an end to the singular channel of investment under the traditional structure, where units owned by the whole people were mainly dependent on state financial administrations, and this has greatly aroused the enthusiasm of all quarters to invest in construction projects. This plays an important role in the extensive and rapid raising of nearly 500 million yuan of investment in the past 14 years. [figure as published] By the end of 1992, the investment share of state-owned units had dropped to 65 percent of the total from 95 percent in 1978. Of this, the financial investment weighting (which forms a part of the state capital construction fund) dropped from 80 percent to 11 percent. Investment raised by local governments, departments, and enterprises accounted for 41 percent of the total. Bank loans and foreign investment, which account for 22 percent and 11 percent respectively, have become a major source of funds for the reproduction of fixed assets and laid the foundation for the establishment of a new investment and financing structure.

Second, a management model where multiple investment entities coexist and where each level exercises decisionmaking power has taken shape. The situation of the central government being the sole investment entity has been completely smashed. Local governments and departments, particularly state-owned enterprises and nonstate collective enterprises, township enterprises, foreign-funded enterprises, enterprise groups, individuals within the country and foreign investors, have become important direct investment entities. This has promoted changes in the system by which projects are decided upon, examined, and approved, and this has prompted the central government to raise ceilings for projects submitted for examination and approval and to simplify examination and approval procedures. However, reform in this respect is lagging behind the new development of multiple investment entities.

Third, the compensated use of state investment, the investment responsibility system, and the method of treating government investment as a commercial undertaking have been experimented with. In a sense, the "replacement of financial appropriations by loans," the investment responsibility system introduced in the early stages of reform, and the project proprietor responsibility system introduced in 1992, are all to solve the problem under the traditional structure where everyone ate from the "big pot" of government investment and for improving returns on government investment. In terms of actual results, it is not entirely due to the drawbacks of these reform measures that the original intentions of these reforms have not been fully realized. Rather, it is mainly because the investment responsibility system lacks the necessary foundation and exists in name only. This is one of the greatest weaknesses of reform of the investment structure over the past 14 years.

Fourth, in respect of project decisions and consultations, feasibility studies, design, construction, and material supplies management, a series of reform measures with the market competition mechanism at the core have been introduced to reform the assessment, bidding, and contracting of projects and to establish a raw materials market. Reforms in these areas have probably been the boldest and most effective in the reform of the traditional investment structure. Of course, because the market system is still not fully developed on the whole and enterprises have not completely cut off their ties of administrative subordination, it is still very difficult to bring market mechanisms into play in place of construction investment.

Fifth, attempts have been made to improve macroregulation and control of investment by economic means and indirect management. The two major pillars of the traditional investment structure, namely the mandatory investment planning system and the administrative system for the examination and approval of projects, have come under fierce attack during 14 years of reform. Some reforms have been introduced, whether actively or passively, consciously or unconsciously. These reforms, including the narrowing of the scope of mandatory

planning, the introduction of guidance planning, the implementation of state industrial policy, the levying of energy and transport fund contributions and construction tax (later replaced by investment orientation tax), and the application of differential interest rates, "new charges for electricity generated by new plants," and other economic levers to regulate the flow of investment, have produced some concrete results. However, in spite of these efforts, the two major pillars of the traditional investment structure still have not been fundamentally removed and a new system of macroregulation and control has yet to take shape. This is another great weakness in the reform of the investment structure over the past 14 years.

Looking back at the reform of the investment structure in the past 14 years, our first conclusion is: As far as the total abolition of the traditional model of investment structure and the eventual establishment of a new investment structure under the conditions of a market economy are concerned, the reforms carried out in these 14 years have, in the process by which the old system is being destroyed and the new system is being established, played a role in exploration, experimentation, and laying down a base. Most of the reform measures have actively promoted the solution of existing problems and the development of the productive forces. On the whole, the reform of the investment structure in the past 14 years should be affirmed and taken as a point of departure for further studies on ways to deepen reform of the investment structure.

Looking back at the reform of the investment structure over the past 14 years, our second conclusion is: Due to the difficulty and complexity of the cause of reform, reform of the investment structure is bound to experience mistakes either in the planning of the program or in its implementation, thereby affecting the progress and effectiveness of reform. If we further assess the actual results of reform against the principles of a market economy, we can clearly see that the existing investment structure still bears the deep imprint of the traditional investment structure and has many drawbacks. In particular, a number of deep-level contradictions have yet to be resolved. We will try to analyze these contradictions from the following six angles:

1) Investment entities: Although multiple investment entities have been developed, in essence, enterprises have not totally renounced their role as appendages of government departments. In particular, the majority of state-owned enterprises still lack the ability to accumulate their own capital. They are still subject to administrative control and have not become truly independent investment entities.

2) Investment decisionmaking: The system of centralized decisionmaking by the central government, which has "cage-like" indices and unified policies as its distinctive features, is still used in forming macroeconomic investment policies. For most projects, there is a basic division of decisionmaking power between the central

and local authorities and among departments. The simplification of examination and approval procedures has not brought about a complete change in the system of examination and approval by administrative departments.

3) Investment channels: Although there are now multiple channels for investment and fund-raising, the utilization of funds is still subject to direct government intervention and control to varying degrees. What we have is a disguised form of administrative allocation. It goes without saying that fiscal funds are thus allocated. However, domestic bank loans and funds raised through securities issues and foreign loans are either allocated in blocks or handed down to specific projects by the government. Investments by units with their own funds are also arranged in blocks in accordance with aggregate targets.

4) Investment operations: Because there has been no change in the administrative jurisdictional structure which poses barriers between ministries and regions, the formation and development of a long-term funds market has been sluggish and investment liquidity continues to be poor. The movement of funds between different industries and different regions is particularly difficult. With the deployment of resources still largely dependent on administrative orders and planning, the positive role of the market has still not been fully brought into play.

5) Investment management: Because the reform of the investment planning structure began quite late and the reforms have been quite passive, the functions, management means, and objectives of various management departments concerned with investment are still unclear. Administrative means still play the dominant role in investment management, and a new system of macroregulation and control has yet to take shape.

6) Investment responsibility: A strict system of responsibility and legal constraints have not been instituted for the whole process from investment decisionmaking to project implementation. Effective measures have yet to be developed as regards the bearer, scope and bearing of responsibility, and the problem of state-owned units all eating from "the same big pot" in investment still prevails to varying degrees.

Why is it that the distinctive features of the traditional investment structure not only have not been thoroughly removed from the existing investment structure but have produced negative effects in obstructing reform and hindering development to a greater or lesser extent? This is definitely not a natural outcome of reform itself. Rather, it shows that in reform we cannot expect to "get twice the result with half the effort." As the saying goes, "a boat sailing against the current must forge ahead or it will be driven back." Only by unswervingly adhering to a clear direction of reform and by speeding up and deepening the reform can we fundamentally eliminate the drawbacks of the traditional investment structure.

This is the only way for China's investment structure to ultimately realize the transition from a planned economy to a market economy.

II. In Deepening the Reform It Is Necessary To Update and Change Several Concepts

The scale of investment in China has seen more rapid growth since 1992. This rapid growth has continued in 1993, and is widely regarded as the main reason for the tense financial situation as a whole, particularly the money supply, and is deemed to be a possible cause of high inflation. Meanwhile, as localities and enterprises continue their fervent call to quicken development, the existing investment structure is seen as an obvious stumbling block in more ways than one. Under this historical backdrop, the question of investment and investment structure has once again become a subject of great concern to state leaders and basic-level enterprises alike. They have come to the conclusion that while speeding up the transformation of government functions, it is necessary to further reform the planning, financial, and monetary systems, with the focus on the investment structure. Over the past year, all kinds of proposals and suggestions have been put forward for the reform of the investment structure, but the views remain divided. An important reason for this is that people still differ in their concept and understanding of major issues in the investment realm. Although we are all talking about reform, we are widely divergent, even going in opposite directions on the goals, targets, and measures of reform. In view of this situation, we believe that when studying and putting forward proposals for deepening the reform of the investment structure, it is necessary to update and change from the high plane of theory some of the customary formulations and concepts originated from the traditional planned economy and understand afresh several major investment issues in accordance with market economy theory.

1. The question of controlling the scale of investment

In a modern market economy, macroregulation and control by the government has four target areas, namely, the economic growth rate, the employment rate, the inflation rate, and the international balance of payments. The scale of investment is an important economic variable. Changes in the scale of investment are mainly due to the market situation and the government's economic policies and are not the direct targets of government regulation and control. In other words, under a market economy, enterprises are the principal investment entities and investment activities are enterprise activities. The government cannot, and indeed should not, directly determine and control the overall scale of investment. Thus, in deepening reform of the investment structure, the state should, in a clear-cut way, change the method of directly controlling the scale of investment and cease the handing down of so-called "cages" or annual plans on the scale of investment. Such plans (particularly medium and long-term plans) may still be drawn up, but these should only be used by the state as a base for the

formulation of macroeconomic policies and may be published as economic forecasts. Some comrades have suggested replacing regulation and control over the annual scale of investment by regulation and control of the overall scale of investment for projects under construction. In essence, this is still a concept of direct regulation and control under a planned economy. It not only goes against the principles of a market economy but is difficult to implement and is not feasible. However, the overall scale of investment for projects under construction is still of significance as a leading economic index unique to China.

Will there be a massive expansion of investment, as many fear, if the state changes its direct mandatory controls on the scale of investment? The conclusion we have drawn after summing up the experience of market economies is quite the contrary. Due to government intervention and influence in running the economy through the use of macroeconomic policies (including fiscal policies and tax policies, interest rates and exchange rates), investors are very sensitive to market signals and government policies. The fact that they are subject to strict constraints of their investment responsibility also contributes to the fundamental elimination of the causes of investment expansion. Some comrades insist that there should be direct controls on the scale of investment on the grounds that market economy mechanisms and enterprise constraints have not yet been developed. As soon as investment shows excessive growth, they advocate a return to the old practice, that is, suppression of the scale of investment, consolidation of existing projects, control of newly launched projects, and strict mandatory planning. This arbitrarily cuts off the natural course of the transition from a planned economy to a market economy, objectively prevents enterprises from truly becoming investment entities, and fetters the development of the productive forces. Actually, experience over the past 40 years and more has demonstrated time and again that direct government control of the scale of investment has never been truly successful in keeping the scale of investment under control. Rather, we have gone through a course of suppression—expansion—further suppression—further expansion. We can no longer follow this course which simply has no future.

2. The question of the regulation and control of the investment structure

The investment structure includes the investment ratio between different industries and the investment ratio between different regions. In order to ensure the optimum deployment of resources between different industries and regions in accordance with the principles of a market economy, the flow of investment should be toward industries and regions with the best rate of return, and this should mainly be achieved through regulation by market mechanisms. In the past we have always been advocates of the regulation and control of the investment structure through the formulation of state industrial policies. However, it is not in accord with

the principles of a market economy to treat industrial policies as mandatory policies. Industrial policies themselves are for guidance only and should mainly be implemented through various economic and technical policies, but state laws formulated in accordance with state industrial policies for specific industries and products are mandatory. The fixed assets investment orientation regulatory tax introduced in 1991 seems to be an economic means for indirect regulation and control, but in fact it is not completely cut off from the framework of an administrative means which embraces all trades and professions and entails direct intervention. This, complicated by how the tax revenue is distributed between the central and local governments and the overelaborate way of calculating how much tax should be levied, has made its actual implementation very difficult. This deserves attention. In future, the government should adopt necessary measures for the indirect control of the investment structure. The following are some of the major measures we should adopt: First, we should rationally determine the ratio between government investment and non-government investment in order to ensure that the government will have sufficient funds for public utilities and infrastructure construction. Second, we should correctly fix charges for infrastructural services in order to ensure that their revenues can at least cover operational costs. Third, we should adopt a policy of financial equilibrium and support the underdeveloped regions in their development of public utilities and infrastructure. In this connection, speeding up the pace of price reform and seeing to it that market mechanisms play their role in providing correct guidance is one of the key steps. Of course, the principles of a market economy do not completely reject government involvement in the structural readjustment of certain industries in the non-government sector through macroeconomic policies (such as supporting priority industries, supporting key projects, and promoting an export-oriented economy). However, such support does not normally take the form of direct investment. Rather, it is given through indirect means, such as preferential policies, discounts on exchange, or subsidized investment.

3. The question of preventing duplicate construction

The concept of duplicate construction is entirely a concept of the traditional planned economy. It means engaging in the construction of similar projects in addition to those already provided for in the state plan. They are generally regarded as superfluous and unnecessary. According to theories of the planned economy, we should expand the capacity of production in proportion to need and launch projects within the limits of funds and resources available. Thus, it is necessary to prevent "duplicate construction." Under the principles of a market economy, however, the prevention of duplicate construction is not tenable whether in theory or in practice. The basic laws of the market economy are: the law of value, the law of competition, and the law of supply and demand. Without some "duplication" in construction, supply and demand will be perfectly balanced (which is unlikely in real life in any case), and

there will not be any competition. What this means is that market mechanisms will have no place in the optimum deployment of resources. More importantly, without competition and the elimination of the inferior through competition, it is impossible to increase efficiency and promote technological progress, and economic and social development as a whole will lose vigor and vitality. This was the situation which prevailed in many of our industrial enterprises prior to reform.

Hence, the concept of duplicate construction in the traditional sense can no longer be adhered to. If we find it necessary to avoid excessive competition or low-quality construction which wastes resources (duplicate construction in a given sense) during a period of transition when a mechanism of microeconomic constraints has yet to be developed, then rather than devising a system for the prevention of duplicate construction, we should make the best of the situation and create a mechanism and environment that can truly encourage and meet the needs of moderate competition between investors. Only by truly unfolding market competition and encouraging the movement of funds will it be possible to truly eliminate low-quality, low-return, and unreasonable duplicate construction. If we continue to resort to methods of planning, we will only encourage the practice of "vying for more investment and more new construction projects" and will have no way of prohibiting duplicate construction. This has been the situation in China over the past decades.

4. The question of the shortage of funds for key construction projects of the state

In market economies, the scope of government investment is usually clearly defined and mainly covers those sectors that are monopolistic and are not predominantly profit-oriented, such as public utilities and infrastructure. In the past, government investment in China covered all areas. After reform, the scope of government investment has been somewhat reduced and no longer covers all trades and professions, but it still covers a wide scope. Seen in terms of the key construction projects approved by the state each year and in terms of construction projects with state investment in different industries, the number is not very high, but the number of industries covered is very impressive. Such a state of affairs is not in accord with the operational laws of a market economy. One of the problems that can be directly attributed to this is the lack of congruence between the capacity of the government to invest and its scope of investment, and between its financial power and its administrative power. This is also the problem of the capital shortage for key state projects that we have been talking about all these years.

One line of thought for the solution of this problem is the planned economy approach. What this means is that we should concentrate financial resources by all and every means, thereby increasing the amount of funds directly controlled by and at the disposal of the government. In

other words, the government should have greater financial power. According to the principles of a market economy, however, we should focus our efforts on reducing administrative interference and thoroughly put an end to the situation where government intervention in investment is both excessive and inefficient. In respect of those projects which definitely need government investment, apart from some public utility investment which will continue to need funds allocated by financial administration, other major social infrastructure projects should increasingly rely on the absorption and mobilization of social capital (such as public bidding and the issuance of bonds and shares). We should no longer follow the beaten track of centralized funding and direct allocation.

There are many other questions in the sphere of investment, such as how to do things in strict accordance with construction programs and overcome over-investment. If we look at enterprises as genuine investment entities in accordance with the concept of the market economy, we will be able to gain a new understanding of and give new meaning to these questions. Only when we have come to a consensus on these major theoretical and practical issues will there be a solid foundation for the design and implementation of investment structure reform.

III. The Target Model and Overall Framework for Reform of the Investment Structure in China

If we briefly sum up the traditional model of investment structure as a direct management model based on mandatory investment plans and administrative examination and approval of projects, with government investment playing the dominant role, then the target model for an investment structure that meets the needs of the socialist market economy may be summed up as a capital factor distribution mechanism and management system based on market-regulated investment activities and decisions made at the investors' own risk, with enterprise investment playing the dominant role and the government exercising indirect regulation and control.

The above-mentioned target model for reform of the investment structure may be described as the realization of the following six fundamental changes:

1) Investment entities will change from entities with government investment or government activities playing the dominant role into entities with enterprise investment and enterprise activities playing the dominant role. The scope and ways of government investment will also be more clearly defined.

2) The market rather than the government will decide how investment, as long-term capital, is to be deployed. The law of value and the law of average rate of profits will play a fundamental and principal regulatory role in the deployment of resources, while the government will only play a supplementary role.

3) The microeconomic bases of investment activities will change from enterprises which are no more than government appendages in terms of their administrative jurisdiction and which do not have complete investment decisionmaking power and responsibility constraints, into true economic entities with independent economic interests and clearly defined property relations. These entities will work under tough responsibility constraints and will make their own policy decisions, assume responsibility for their own profits and losses, manage their own affairs, and bear their own investment risks and responsibilities.

4) The mechanism for the deployment of various capital factors will change from one which relies on planned distribution into one which works on fair competition. The pricing of capital factors, such as interest rates, wages, rents, and the prices of investment goods, will be determined by the market and will be able to correctly reflect the scarcity of resources and the relationship between supply and demand. Capital factors will be free to circulate and will be naturally pooled and centralized in projects with high returns through fair competition.

5) The investment financing mechanism of enterprises and the government will change from one which works on allocation in accordance with planned targets into one which favors the flexible and diversified use of both direct and indirect investment, separates policy financing organs from commercial banks, and manages government investment as an entrepreneurial undertaking.

6) The means with which the government regulates investment activities will change from administrative orders by governments at various levels into the stimulation and constraint of the interests of investment entities. Through its financial policies, monetary policies, and various other economic levers, the government will make targeted corrections of market signals, thereby indirectly influencing (raising or lowering) the anticipated rate of return on investments and realizing the fixed macroeconomic goals of the government, while guiding enterprises to pursue their own economic interests in their investments.

The most essential characteristic of the target model for reform of the investment structure is as follows: Enterprises (including state-owned enterprises and other types of enterprises) have become the principal investment entities. They have a perfect investment and financing mechanism, have full power to make autonomous decisions on projects, regulate the movement of investment in accordance with the principle of maximum profits and market laws, and independently bear investment risks and responsibilities. The government's function in investment management has completely changed into one of macroeconomic management, indirect regulation and control, and the provision of policy guidance, information, and services.

The period between 1993 and 1995 will be a period for the implementation of the near-term program for deepening reform of the investment structure, while the "Ninth Five-Year Plan" period could be a period for the implementation of a long-term program. The overall framework for a long-term program could be based on the following four tasks:

- 1) Defining property relations and restoring enterprises as investment entities. This mainly refers to the introduction of the shareholding system to state-owned enterprises, the establishment of state-holding limited liability companies and limited joint-stock companies with large enterprise groups as the main form, and the separation of the economic management functions of the government and the ownership management functions of state-owned enterprises.
- 2) Improving management and operating systems for government investment. This mainly involves the division of capital construction funds into social public investment and industrial development investment. Social public investment shall be managed by the respective departments in accordance with state plans, while industrial development investment shall be managed by government investment companies. At the same time, a system of indirect investment management by the government based on a "state investment credit fund" and a "state long-term investment bank" shall also be established.
- 3) Making clear the social division of labor between different categories of investment entities. This mainly involves efforts to clarify the scope of government investment and divide investment between the central government and local governments in accordance with the principle of regional division of labor. There is no need to delimit the scope of private investment in various types of enterprises and by domestic and foreign investors.
- 4) Establishing an indirect macro-regulatory and control system for investment. This is mainly about making full use of investment policies, investment information, economic levers, legal means, and necessary administrative intervention in the indirect guidance and regulation of the activities of investment entities.

IV. Proposal on Near-term Measures for Deepening Reform of the Investment Structure

Since the reform measures put forward in the target model and the overall framework of the long-term program for the reform of the investment structure will take time to gradually be put into implementation, the pressing nature of the reform makes it imperative for us to seize the following breakthrough points in taking substantial steps forward in deepening reform of the investment structure. In accordance with the principle of dovetailing with the target model and helping solve imminent problems in real life, we should concentrate on the following three areas in our immediate reforms.

1. Standardize and strengthen the constraints mechanism on state-owned investment entities

State-owned investment entities comprise three major types of investment entities, namely, the central government, local governments, and state-owned enterprises. Restricted by various conditions at present, apart from extremely rare cases like the Shoudu Iron and Steel Corporation, very few state-owned enterprises can really be called independent investment entities. However, as far as the orientation of reform goes, state-owned enterprises will definitely become investment entities with a decisive role to play in the development of the national economy. The standardization of investment entities' activities mainly involves two aspects, namely self-constraint mechanisms within investment entities and mechanisms for the state and society to guide and restrain the activities of investment entities.

1) Promote and improve the system of responsibility for construction project proprietors. In our present endeavor to invigorate large and medium-sized state-owned enterprises, we must concentrate on resolving the problem of "the lack of clarity in three respects," that is, the lack of clarity in property rights relationships, the lack of clarity between ownership and operating rights, and the lack of clarity between government and enterprise functions. The fundamental way to resolve this problem lies in the enterprises order at their root, that is, carrying out reform of the decision making, financing, and construction of projects. The establishment of the system of responsibility for construction project proprietors is an important measure in this reform, and efforts must be made to speed up this stage of reform. Seen from the trial implementation of this system on construction projects over the past year or so, we can see that standardizing the process whereby proprietors are generated, ensuring the full implementation of the powers of proprietors, establishing a mechanism of responsibility constraints and a mechanism of interest stimulation for proprietors, as well as improving relevant policies, laws and regulations and strengthening the service functions of the government, are key links in deepening this reform and producing actual results.

2) Reorganizing state-owned enterprises and clearly defining property rights relationships.

Investment and financing rights are rights enjoyed by the ownership principals in property rights relationships. In order to turn state-owned enterprises into true investment entities, it is necessary to grant them investment and financing rights. To this end, it is necessary first of all to clarify who has proprietary rights over the state-owned assets of enterprises. China has a vast number of state-owned enterprises, and there is a vast difference between the scale of enterprises and the management level and quality of their leaders. If we stipulate in general terms that factory directors or managers are representatives of the owners of state-owned assets of enterprises and give them full power of investment and

financing, the resultant over-decentralization of investment and financing power and a host of poor policy decisions could inflict heavy losses on state-owned assets. A desirable approach is to reorganize state-owned enterprises by organizing (or incorporating) most of state-owned enterprises making up the "national team" into large or giant enterprise groups. In other words, we should amalgamate or merge state-owned enterprises around large or medium-sized enterprises with outstanding performance on the basis of voluntary collaboration. Medium-sized or small manufacturing enterprises with antiquated equipment and poor performance which no enterprise group wants may be declared bankrupt or sold to members of the public so that the state can redeem their assets. State-owned public utilities in localities may continue to be run by local governments.

3) Establishing a personal responsibility system for investment. There should be clearly defined property rights relationships in all enterprise groups, with the board of directors or management committee of each group exercising the powers and functions of the ownership entity on behalf of the state. Their responsible persons and principal members should be selected and appointed by the state-owned asset management department from among entrepreneurs. Enterprise groups are primary-level corporate bodies. They are vested with investment and financing power, assume responsibility for profits and losses in their operations, and hand over a given proportion of the profits to state-owned asset management departments. Basic-level enterprises within the group are secondary-level corporate bodies. They only have operating power and do not have ownership rights or investment power. They hand over all their profits to their enterprise group, which bears responsibility for their profits and losses. Their responsible persons only assume personal responsibility for operational results. Thus, the principals of these investment entities are the board of directors or management committees. Constraints on their investment activities are based on contracts that combine rights, responsibilities, and interests concluded on the basis of the benefits principle. Although the state does not interfere in their investment orientation, they must realize the annual targets for profit and assets appreciation stipulated in the contracts signed at the time of their appointment by the state. The contracts should also make clear their personal income, and promotion will be pegged to the overall performance of their enterprise group. In order to ensure the implementation of this system of personal responsibility for investment, it is necessary to strengthen the system of constraints and supervision on government investment managers by making public servants stake their "political life" on their investment decisions and management results.

4) Establishing an external mechanism of constraints for state-owned asset investment entities. Although results generated by different orientations of investment may assume different forms, whichever way investment goes people expect maximum results for the money they put

in. Only in this way can we make our limited state-owned asset investment yield maximum results and fundamentally change the problem of serious wastage in state-owned asset investment. Thus, all talk about restraining the investment activities of state-owned asset investment entities centers around returns. In other words, constraints must have the improvement of investment returns as their major objective and are intended to make state-owned asset investment yield satisfactory results. In order to achieve this goal, it is necessary to continuously strengthen the system of scientific decisionmaking for investment projects, improve the system of investment auditing and supervision, promote the system of post-construction appraisal, and put the system of investment information and engineering consultation on a sound footing. In particular, we must speed up legislation in the realm of investment to bring investment activities into an orbit whereby investment entities' actions are standardized by law.

2. Improve and perfect the investment and financing systems of the government and enterprises

Under the market economy, government investment and enterprise investment differ greatly in target, scope, and form. This makes it necessary to have separate investment and financing systems for the government and for enterprises.

1) Enlarge the investment and financing mechanism in the form of government shareholding. In the international arena, participation in projects by way of share investment and financing is a basic form of government investment and financing. At present, expanding key construction funds by gradually increasing the shareholding weighting in total investment, practicing diverse share investment and financing methods, and issuing shares to obtain new investment has become an objective inevitability.

2) Put existing state-owned asset investment and financing mechanisms on a sound footing. The irrational deployment of the huge amount of existing assets in China often imposes serious restrictions on the optimum organization of limited new investment. China has state-owned assets worth nearly 2,000 billion yuan. Of these, about one-third either lie idle or operate inefficiently. The irrational deployment of existing assets not only results in the waste of a large amount of new investment, but greatly restricts the scale of new investment in key construction projects. Thus, it is necessary to do away with "insulation" between existing assets and new investment and to turn surplus assets into a new flow of investment which covers key construction. At the present stage, the conversion of existing assets into new investment may be realized through the marketization of existing assets.

3) Strengthen the self-accumulation mechanism of enterprises. In the development of enterprises, the forms and channels of investment and financing are multifaceted. Seen in terms of raising funds internally and drawing

funds in from outside, there are two major forms of investment and financing by enterprises, namely, their own capital and borrowed investment. The experience of developed countries clearly tells us that in investment and financing, enterprises should focus on the internal accumulation and expansion of funds rather than drawing funds from outside. In raising of industrial capital, enterprises in developed countries obtain most of their funds, or at least half, through internal fund raising. The investment and financing structure of Chinese enterprises is extremely irrational. This is mainly manifested in imbalances in the asset and liability structure of enterprises. When an enterprise does not even have 20 percent of the funds needed and uses loans to cover the other 80 percent of the funds necessary to expand production, they will naturally have difficulty expanding their scale of investment and financing. In order to increase the ability of enterprises to build up their own accumulation and develop, it is necessary to strengthen the self-accumulation mechanisms of enterprises. On the one hand, it is necessary to strengthen the replacement investment mechanism of enterprises on the basis of accelerated depreciation. On the other hand, it is necessary to strengthen the mechanism whereby retained profits are turned into additional investment for expanding production.

4) Establish a securities investment and financing mechanism for enterprises.

As the present state of affairs in Chinese enterprises shows, there are imbalances in the raising and utilization of construction funds: too much liability financing and too little investment using their own capital, too much short-term financing and too little long-term financing. A more salient problem is that there is too much indirect financing and too little direct financing. There are currently many barriers preventing enterprises from entering the securities market. It is medium-sized and small enterprises rather than large enterprises that have been given permission to raise funds through the issuance of bonds and shares. Today, bonds and shares account for less than 10 percent of enterprises' construction funds. Thus, it is necessary to gradually open more channels of securities investment and financing for enterprises and enlarge the scale of direct financing. This will also be of great help to strengthening the self-restraining mechanism of enterprises.

3. Establish and improve the macroregulatory and control system for government investment

First of all, we must make clear the aim, object, means and bases of the macroregulation and control of investment: 1) The aim of macroregulation and control of investment is to sustain rapid and healthy development under existing low levels of inflation. The indirect regulation and control of the overall scale and structure of investment serves this objective. In other words, the aim of regulation and control is to arouse the enthusiasm of all quarters for investment and promote economic development, not to inhibit enthusiasm for investment. 2)

The object of the macroregulation and control of investment is to promptly regulate and control the parameters of the investment market and indirectly influence the investment activities of enterprises. It does not seek to directly control the activities of investors or to exercise decisionmaking power on enterprise investment entities. 3) Means of macroregulation and control of investment are indirect. This mainly relies on economic means, supplemented by necessary administrative intervention. It is of a guiding rather than a mandatory nature, and is service rather than command based. 4) The bases of the macroregulation and control of investment are threefold: First, the establishment of a microeconomic investment operational mechanism (mainly for enterprises), especially the establishment of a mechanism of self-constraint; second, the perfection of market development; and third, the support of other institutional reforms, especially reform of the financial, monetary, and pricing systems. These are the prerequisites for the full implementation of various measures for the macroregulation and control of investment.

The establishment of an indirect macroregulatory and control system for investment involves a wide range of tasks. In the near-term, we may focus on the following three areas in our reform endeavors:

1) Fully activate and strengthen the financial means of regulation and control. The financial means here refer to funds (money) financing centering around bank credit. The principal function of the financial regulatory and control mechanism is to regulate and control total demand through the regulation of the money supply. The common means include statutory reserve funds, open market operations, and rediscount and relending rates. At present, we should attach importance to the regulatory and control function of the interest rate lever. The reason is that in investment, the anticipated rate of return determines whether or not an enterprise will invest, and the level of the anticipated rate of return has a close bearing on the level of interest rates and taxation. Thus, as a market parameter or signal, it is obvious what effects interest rates will have on investment. However, from the way the government's regulatory means and indirect regulatory and control mechanisms exercise regulation and control, we can see that the government is obviously trying to affect interest rates by using its monetary policy to regulate the money supply in the whole society, and through this to indirectly regulate and control investment. Hence, it is necessary to gradually delegate the power of interest rate adjustment to the lower levels and rationally structure deposit and lending rates so that the interest rate lever can regulate investment activities in a flexible and positive way.

2) Accelerate the establishment of a system of state investment credit funds and organize a long-term state investment bank. This state investment credit fund is a long-term credit fund pooled by the central government in the form of state credits from the public. It offers compensatory payments in accordance with the principle of exchange at equal value and is spent on fixed

asset investments in line with the policy objectives of the state. Our aim in establishing an international credit fund and organizing a long-term state investment bank lies in searching for and creating a flexible and effective macroregulatory and control tool that not only meets the needs of investment in a market economy but can effectively guide the flow of non-governmental investment.

3) Replace the existing system of administrative examination and approval with a system of project registration. We should, in accordance with the principles of a socialist market economy, reform the system whereby construction projects are decided. Specifically, we should make clear the "three separations."

First, we should separate the making of decisions on launching of projects from administrative management. How much money should go into a project, where the investment should go, when to invest, the form of investment, investment returns, and so forth are all matters that must be taken into consideration in making decisions on projects. In these matters, the decision should be made by the investors themselves, and government approval should not be required. The effects of projects on town planning, land use, the environment, employment, safety, and other points of public and state interest come under the jurisdiction of administrative management and must be examined and approved by government departments concerned in accordance with the law.

Second, we should separate the investment function of the government from the management function of the government in investment. In the past, we were often told that government-invested projects must be examined and approved by the government. This measure was ambiguous and failed to separate the two functions. It is also not conducive to making the government concentrate its energy on strengthening its investment management (particularly macroregulation and control) function. Thus, the investment function of the government should be handed down to enterprises that handle government investment and project decisionmaking should be left to these enterprises. The government may set production and profit targets and leave construction and operations to the contracted enterprises. As regards the small number of government-invested projects with a vital bearing on national or regional development, a system of review and decisionmaking by local councils (people's congresses) may be practiced, as is done in foreign countries.

Third, we should separate the system of project decisionmaking from the system of project registration. Following the establishment of a system where construction projects are decided upon by investors themselves, it is necessary to establish a strict system of project registration. This will serve as a crucial foundation for efforts to ensure the accuracy of the state's macroeconomic investment policies and the effectiveness of its macroregulation and control.

Ministry Drafts Plan To Boost Coal Industry

OW1001132194 Beijing XINHUA in English 1244
GMT 10 Jan 94

[Text] Beijing, January 10 (XINHUA)—China is drawing up a seven-year plan for the expansion of its coal industry in a bid to raise its coal output to 1.4 billion tons by the year 2000.

The plan, manifesting China's medium- and long-term strategy in this sector, will be announced shortly, an official of the Ministry of Coal Industry said today.

As the most important primary source of energy in China, coal accounts for more than two-thirds of the country's energy consumption. In 1993 alone, China produced 1.14 billion tons of coal, an increase of 25 million tons over 1992.

The output is expected to top 1.16 billion tons this year, the ministry official said.

He said 1993 will be the crucial year for the coal industry to complete the shift from a planned economy to a market economy. The government is scheduled to lift all its control over coal prices by the end of this year.

In order to be answerable to the market, he said, the major state-owned coal mines will continue to maintain production in line with demand as well as transportation capacity.

One of the principal goals of the industry this year will be reducing production costs and improving labor efficiency, he said. This necessitates the optimization of the coal mines.

Loss-making mines with no hope of making profits will be shut down, suspended or shifted to other lines of production, while those with quality coal, good market access and high efficiency will step up technological upgrading to increase their production.

The product mix and the industrial structure will also be streamlined, the official said, adding that efforts will be made to pursue diversified operations.

The locally-run mines will be screened, with emphasis placed on the construction of 100 top-priority coal-producing counties and 15 coal-mining areas, the official said.

In an effort to speed up the construction of new mines, the ministry wooed other sectors to invest in the area, in light of the principle of "He benefits who invests." It has already extended a welcome to the industries of electrical power, metallurgy, chemicals and transportation.

The ministry is also encouraging coastal regions to invest in coal-rich areas and foreign investors to form joint ventures and cooperative coal mines.

China will be active in attracting more foreign funds and introducing advanced equipment, technology and experts as well as management experience from abroad to raise productivity.

He said that this year some of the major coal mines will be licensed to handle exports, which stood at 18 million tons in 1993.

Coal Official: Industry To 'Make Ends Meet'

HK0901074794 *Beijing CHINA DAILY (BUSINESS WEEKLY)* in English 9-15 Jan 94 p 8

[By Chang Weimin: "New Prices To Boost Coal Mining"]

[Text] The coal industry will make ends meet for the first time in its history by 1996, said a senior official last week.

The prediction, by Vice-Minister of Coal Industry Pu Hongjiu, comes after coal prices were floated on the open market as the central government lifted controls last weekend.

With the new prices, the industry expects to reduce its losses by 4 billion yuan (\$460 million) this year and in 1995.

It has run at a loss for decades due to rigid central planning, government price controls, and rising costs of materials.

When coal prices were under State control, they were too low for mines to meet production costs, let alone to make profits.

But prices of materials, such as steel, wood and cement, had been allowed to float on the market years ago.

Throughout these years the coal industry received subsidies from the central government to maintain operations.

Pu Hongjiu said the central government is taking a soft-landing policy in the coal pricing system.

In 1992, prices of some 300 million tons of coal were freed and the prices of another 600 million were floated in 1993.

Coal makes up 75 percent of China's energy consumption.

And 70 percent of the country's installed electric power capacity of 180 million kilowatts, comes from coal-fired generators.

Pu said coal mines which had been allowed to sell their products at market prices had already made profits.

Pricing reforms, important to the country's transition from central planning to a socialist market economy, were first tried with mines in Anhui Province.

The industry chose these mines because demand for their higher-quality products, was stable.

Their clients are concentrated in East China, where the economy has developed faster than in other parts of the country.

Pu said the mines in Anhui are among the most efficient enterprises in the industry.

So far, the freeing of coal prices has had positive results.

However, reports say some industries are thinking of using the reform as an excuse to raise the price of their own products.

A Ministry of Coal Industry official said it would take months for coal prices to float to the levels that permit coal mines to meet production costs and then make profits.

There is currently a glut of coal with about 200 million tons are stored at mines and electric power plants.

Analysts say the industry will have to beef up co-ordination among coal mines to cut production so that retail prices rise by a reasonable margin.

Co-ordination will be tough as the ministry has a strong influence only on large and medium-sized mines.

Many small mines are governed by regional authorities and other ministries such as the Ministry of Agriculture.

The industry used to employ 7 million people to dig some 1.1 billion tons of raw coal, but hundreds of thousands of them have now been transferred to other jobs.

Due to China's backward social welfare system, the industry has to provide living means to 800,000 retired workers.

Paper Says Steel Imports To 'Plummet' This Year

HK0901074694 *Beijing CHINA DAILY (BUSINESS WEEKLY)* in English 9-15 Jan 94 p 8

[By Wang Yong: "Steel Imports To Tumble"]

[Text] Demand for steel will remain constant this year but imports will plummet, partly because of high domestic stocks, said a top manager last week.

Excessive imports last year inflated inventories to around 25 million tons by the end of last month, which was 7-8 million more than normal, estimated Zhen Yongdian, Vice-President of China National Metals and Minerals Import & Export Corporation (Minmetals).

"China needs at least three months to clear the stock," Zhen said.

He predicted a recovery of steel consumption in the second half of the year as the country's GDP keeps growing by 8-9 percent.

And he sought to dispel widespread speculation that China's steel imports would continue to tumble or even stop, arguing that the fall is only a reasonable response to the abnormalities of last year.

"China imported 25.8 million tons of steel in the first 11 months of last year, which was an all-time record," he said.

He estimated the nation's steel imports for all of 1993 at 27 million tons.

And he attributed last year's brisk demand to the country's rapid economic development fueled by senior leader Deng Xiaoping's reform-boosting trip to south China in early 1992.

But he pointed to an unsettling factor that had brought about a glut of steel imports in home markets.

"There were too many speculators fiddling with steel imports and State controls had failed," he said.

Huge amounts of steel were imported through barter and border trade and overseas-funded ventures, besides licensed companies like Minmetals.

"These chaotic imports, which cropped up during China's transition from a planned economy to a market one, were abnormal," Zhen said.

The steel imports boom came to a halt last July after the central government moved to slow the pace of economic development.

"But in the longer term, China will remain one of the world's largest consumers of steel," Zhen said.

"Despite a steady growth in domestic production, China will still need to import steel in the future," he predicted. For, as the economy develops, the growth rate of domestic production has to keep up with the growth in the country's gross domestic product, he explained. However, it is unlikely to do so for now.

"And even if the domestic production and demands are balanced, our steel imports would continue, especially in certain high-quality categories like tin plate, special plates, petroleum pipes and silicon steel," he added.

However, he said that although the State had dropped the tariffs on certain steel items, the devaluation of the renminbi, brought about by a uniform foreign exchange rate, would raise the price of steel imports.

Minmetals, China's largest steel trader, accounts for more than half of the country's import orders, despite growing competition from mushrooming domestic rivals.

The company has formed world-wide import channels over the past decades.

Nation Engages 62 Power-Generating Units

OW1101080994 Beijing XINHUA in English 0719
GMT 11 Jan 94

[Text] Beijing, January 11 (XINHUA)—China put a total of 62 large and medium-sized power-generating units into production in 1993, with a combined capacity of 12,098 million kw, according to the State Planning Commission.

Among them, 14 are hydropower generators with a total capacity of 3,095 million kw, and 48 are thermal power generators with a total capacity of 9,003 million kw.

Central and local government departments, and banks co-operated to ensure supplies of funds, materials, equipment and transportation for the construction of major power projects.

Expressway To Link Beijing With Great Wall

OW1001133194 Beijing XINHUA in English 1319
GMT 10 Jan 94

[Text] Beijing, January 10 (XINHUA)—Beijing will build a 58.8-km-long expressway linking the city proper with the Badaling Great Wall to the northeast, city officials said today.

The six-lane expressway will require an investment of 3.6 billion yuan, to be jointly provided by the highway administration of the municipal government and the Tianhe Company from Hong Kong, the officials said.

The expressway, starting from the Madian cloverleaf on the northeast and ending at the Badaling Great Wall, one of Beijing's chief tourist attractions, will also greatly improve Beijing's link with Shanxi, Hebei and Inner Mongolia, which now account for one-fifth of the traffic flow to the capital, the officials added.

Report Notes Electronics Industry 'Improving'

OW1101080894 Beijing XINHUA in English 0726
GMT 11 Jan 94

[Text] Beijing, January 11 (XINHUA)—China's electronics industry has given priority to improving its production structure and developing new products in a bid to improve its efficiency.

In 1993 the total output value of the industry was 135 billion yuan (over 18 billion U.S. dollars), 24 percent more than that of the previous year.

Some 97 percent of its products have been put on the market.

Last year the installation of satellite telecommunication ground stations increased by 750 percent, production of program-controlled telephone exchanges went up by 190 percent, and production of micro computers increased by 80 percent.

The production of some major electronics items such as large integrated circuits, semiconductor separators and kinescopes maintained a good momentum.

The production value of newly-developed products in Shanghai, Tianjin, Beijing and Jiangsu Province achieved an average increase of over 20 percent.

In 1993 Shanghai, the biggest city in China, developed some 600 new products.

Electronics industry exports increased by 20 percent last year.

Official: 'Serious Concern' Over Water Crises

HK1201095094 Hong Kong AFP in English 0926 GMT 12 Jan 94

[Text] Beijing, Jan 12 (AFP)—A shortage of water is costing the Chinese economy some two billion yuan (230 million dollars) a year, water ministry officials were quoted as saying Wednesday [12 January]. Top government cadres have admitted that a lack of investment was partly responsible for the water-shortage crisis that was afflicting two-thirds of Chinese cities as of last year, according to official statistics. The water ministry officials told the GUANGMING DAILY that the resulting economic losses were causing serious concern at all government levels and they called on people to save water wherever possible.

The newspaper also quoted the mayor of the free-wheeling southern special economic zone of Shenzhen as saying water shortfalls were making it impossible to implement reforms and maintain rapid economic development. The lack of attention given to the water crisis is the most serious mistake China has made in the past 10 years, the mayor said. Shenzhen's daily water shortfall is currently estimated at 100,000 cubic metres (3.5 million cubic feet).

The newspaper also quoted officials in Beijing as saying that, by 2000, the capital will have no quality drinking water unless steps are taken immediately.

Circular Bans Some Sales of Non-Iodized Salt

OW1001133294 Beijing XINHUA in English 1249 GMT 10 Jan 94

[Text] Beijing, January 10 (XINHUA)—Chinese Government issued a circular here today to strictly ban the sales of non-iodized salt to the state's vast iodine deficient (IDD) areas, so as to help prevent the occurrence of iodine deficiency diseases.

The circular, co-issued by the State Administration of Industry and Commerce (SAIC), the Ministry of Public Health and China National Light Industry Council, demands that on no account should any non-iodized salt or inferior iodized salt be allowed to enter the salt markets in the iodine deficient areas. Severe penalties

will be assessed to those who transport or sell the above-mentioned salt to the endemic regions.

To ensure a sound administration of the state's salt markets, which have shown some disorder in parts of the country, the government will issue new permits to the enterprises which are qualified for salt production or wholesale transaction of salt products.

The SAIC has set April 30 as the deadline for the salt enterprises to renew their registrations.

According to Yin Dakui, vice-minister of public health, China is one of the countries in the world with severe IDD prevalence.

Yin said that the most effective way to eliminate IDD is the constant consumption of iodized salt, which is also China's long-term strategy to prevent such endemic diseases.

According to the vice-minister, the government has set the goal to make all salt in China iodized by 1996 and to eliminate IDD nationwide by the year 2000.

Yin noted that marked progress has already been achieved in the prevention and treatment of IDD since the founding of the People's Republic of China in 1949.

According to him, a total of 385 institutes for IDD control have been set up nationwide in the past decades. And with the preventive measures and treatment over many years, the original 35 million patients with endemic goiter in the country have been reduced to 7 million and the new occurrence of endemic cretinism has been controlled.

Chen Junsheng Urges Grain Price Controls

OW1201032794 Beijing XINHUA Domestic Service in Chinese 1117 GMT 25 Dec 93

[By reporter Yang Shanqing (2799 0810 3237)]

[Text] Changsha, 25 Dec (XINHUA)—State Councillor Chen Junsheng stressed today that action to bring down grain prices and stabilize the market represents one important measure of macroeconomic control today.

From 21 to 24 December, Chen Junsheng conducted inspections of Hunan's grain market and studied problems in the province's agriculture and rural economic development. Chen Junsheng said: Grain procurement prices were rather low. Therefore, the appropriate upward movement of grain prices has a reasonable side to it because peasants will be able to get good prices for their grain. However, in some localities grain prices have risen sharply over a short period of time; this is abnormal. He pointed out: Total grain output for 1993 is expected to top 450 billion kg. The amount of grain procured will be roughly the same as last year. As of now, the grain procurement plan is 80 percent complete, state grain depots are well-stocked, and there is more than enough grain to ensure adequate supply. He added: Why

are grain prices rising sharply in some localities? Reports from localities indicate the following reasons: 1) A chain reaction to grain price rises in some major grain marketing areas. 2) Some peasants are unwilling to sell grain in the belief grain prices will increase next year; certainly, natural disasters are also a factor. 3) State-owned grain departments—notwithstanding the great deal of work they have done in terms of procurement and marketing—have failed to bring into full play their role as the major channel of circulation. Chen Junsheng stressed: We must increase macroeconomic control; we must ensure market stability and bring to a quick end the irrational, runaway increases in grain price in some localities so the interests of both producers and consumers are protected.

Chen Junsheng pointed out: In drafting next year's production plans, we must see to it the readjustment of the rural production structure and the development of a type of farming that provides high yields of fine quality with maximum efficiency are carried out under the preconditions of a steady increase in grain output. He added: We are in the middle of a severe winter. Localities must take advantage of all favorable conditions to help people in disaster-ridden areas; in particular, they should properly handle the food supply for the victims of natural calamities.

Accompanying him in the inspection tour were Yang Yonzhe, deputy director of the State Council Research Office, and Zhang Yanxi, vice minister of agriculture.

'Fear of Inflation,' 'Panic' Grain Buying Linked

HK1201105294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0809 GMT 12 Jan 94

[“Special article” by reporter Si Liang (1835 5328): “Panic Grain Purchase in Mainland China Reflects the Masses’ Fear of Inflation”]

[Text] Hong Kong, 12 January (ZHONGGUO TONGXUN SHE)—Since late November last year, a wave of grain price hikes appeared for a short time in many localities. Fortunately, the local governments rapidly put the grain in stock on the markets, and quickly brought the grain prices under control, and the wave of panic purchases did not spread any further. However, this aroused people's serious attention to the price tendency this year.

This year is of crucial importance for the in-depth development of economic structural reform in the mainland, so it is called a “reform year.” Taxation, banking, company, investment, foreign exchange, price, housing, and wage reform measures will put into practice. Reform will advance more deeply, more broadly, more intensively and with greater difficulty than in previous years. The unstable factors that existed latently over a long time may become more intense. Therefore, the authorities will strive to keep prices stable and bring inflation under strict control. This will be a major guarantee for reform's success.

In fact, the panic grain purchasing appearing late last year was an event beyond the expectation of the authorities. Last year, grain production decreased in Hebei because of the serious drought, and also decreased by nearly 10 percent in Guangdong because the construction of factories and the development of real estate projects used too much farmland. However, grain production in the whole country still increased by over 10 billion kilograms, and there should be no shortage in the markets. According to analysts, the substantial grain price increases and the panic grain purchases in Beijing, Guangzhou, Fuzhou, and other cities late last year were mainly caused by some psychological factors: First, as the central authorities decided to increase grain prices in 1994, peasants were not willing to sell the grain on hand. Second, the local authorities did not take effective measures for regulating and controlling the supply of grain after grain transactions became free. Third, the masses misunderstood the reform measures put into practice in 1993, especially the reform of the taxation system, and thought that the new taxation system would certainly bring about price increases. So they rushed to buy grain, cooking oil, and other foodstuffs in order to preserve the value of their income.

Although the recent grain price hike was mainly caused by psychological and speculative factors, the phenomenon also reflected people's fear of price hikes and inflation, and indicated that society's ability to endure inflation might have been overestimated. Now, the common people have become more sensitive to and more fearful of inflation. Therefore, it is necessary to carefully consider and decide the timing of adopting the new reform measures and to pay close attention to price tendencies. Otherwise, when the major reform measures are put into practice this year, they may bring some shocks to society and become a factor leading to economic and social instability.

In fact, the retail prices in the mainland increased by 13 percent last year, and the costs of living in 35 large and medium-sized cities increased by 20 percent. The rate of inflation has caused a considerable pressure on the livelihood of salary earners. According to the decision of the central authorities, in 1994 the national economy will maintain “sustained, rapid, and healthy” [chi xu kuai su jian kang 6688 4958 1816 6643 0256 1660] development, and GNP will grow by about 9 percent over 1993. Although this growth rate will be somewhat lower than the 1993 figure of 13 percent, it is expected that economic growth, as well as the size of investment, in the first few months of this year will remain at a high level, and it will be hard to effect the so-called economic “soft landing.” In addition, as tariff rates for imported goods will be lowered, more high-priced imported goods will pour into China; the potential credit demand will increase after the exchange rate of renminbi was unified; and the prices of some energy and farm products will be further increased. All this may lead to a sharp increase in the inflation rate.

This shows that the task of macro-control that the central government is facing this year will still be rather arduous. If the intensity of economic regulation and control is appropriate and effective in restraining the rise of the general price level, then there will be no major market fluctuations. On the contrary, however, if prices increase too rapidly, it will be hard to prevent a high inflation situation, and a vicious cycle may also come into being. Reportedly to prevent too serious an unfavorable impact on the market and on the people's daily lives, the central authorities have decided to strive to keep this year's price increase index at a level below 10 percent and to adopt such measures as increasing wages and allowances and increasing peasants' income in order to offset this year's grain and other price increases to guarantee that the people will enjoy solid benefits in the course of reform.

Not long ago, Vice Premier Zhu Rongji stressed that stabilizing grain prices and restraining inflation will be the key to the smooth advances of reform in 1994. This showed that the Chinese top leaders were soberly aware of the importance of keeping the balance between reform and stability.

Beijing Attempts To 'Stabilize' Grain Prices

HK1101054894 Hong Kong WEN WEI PO in Chinese
8 Jan 94 p 2

[By staff reporter Chen Chien-ping (7115 1696 1627): "Central Authorities Allocate Huge Funds To Establish Risk Fund To Stabilize Grain Prices and Guarantee Peasants' Interests"]

[Text] Beijing, 7 Jan (WEN WEI PO)—According to an authoritative source here, the top leadership has decided to allocate as least 2.8 billion yuan to set up a grain risk fund in order to stabilize grain prices. In addition, as adjustments in the price of grain purchased in line with this particular state policy may increase urban residents' cost of living, the problem will be solved by increasing urban workers' wages.

The source said that the central leadership required central and local financial departments to play a leading role in establishing a grain risk fund after prices are adjusted in light of market forces in order to promote agricultural production and guarantee peasants' interests. The central authorities will allocate 2.8 billion yuan to various localities to set up grain funds. At the same time, local authorities are also required to allocate funds from their own financial resources to set up grain risk funds.

The source said: The recent sharp increases in the prices of grain and cooking oil were caused by psychological factors, speculation, and temporary factors on the whole. Concretely speaking, the price hike occurred first in Guangdong, and then spread to other coastal areas. Because the law of marginal returns has played its role, the area of land sown with grain crops in Guangdong has decreased substantially. Now, as the grain market has

been opened, if the price of imported grain was affordable, people would eat imported grain; as the price of imported grain was too high, people competed with each other to buy domestic grain. As a result, the price of grain was driven up.

In fact, our country reaped a good harvest of grain crops in 1993, and stocks are also adequate. The transportation of grain was also in a normal condition. Therefore, it is completely possible to overcome the incorrect ideas of some local and departmental leaders who regard the price hikes as harmless, remove people's misgivings and misunderstandings, and rapidly bring grain prices under control and back to a normal condition.

The source quoted a central leader as saying that the grain price is the basic price in the market so it is necessary to bring it under control as it has a bearing on the national economy, the people's livelihood, and social stability. This is also common practice in all countries practicing the market economy, and is the main point in our domestic macroeconomic control. Therefore, the central authorities will be thoroughly responsible for this.

This source also said that the central authorities had worked out a scheme for raising urban workers' wages in order to offset the impact of grain prices on the cost of living. The basic monthly wage of 200 yuan will be increased by 30 percent so that grain price increases in 1994 will also be offset.

The central authorities plan to keep the rate of grain price increases in 1994 to below 10 percent.

Commentator Calls for Increase in Grain Output

HK1001062094 Beijing NONGMIN RIBAO in Chinese
28 Dec 93 p 1

[Commentator's article: "Correctly Grasp the Signal of Grain and Edible Oil Prices"]

[Text] Given that soaring grain and edible oil prices in some parts of southern China have affected the country's grain and oil market, the state is taking swift measures to keep grain and oil prices down. With various measures gradually put in place, grain and oil prices have started to stabilize and will drop to the previous level. Agricultural workers and the vast numbers of peasants should have a sober understanding of this.

The current fluctuation in grain and oil prices is abnormal, with some temporary, psychological, and speculative factors playing a promoting role. In spite of this, it has also sounded the alarm to people: We must not lower our guard on the grain issue and on no account should we relax grain production.

Taken as a whole, the current price of grain purchased according to contract or at a negotiated price is still on the low side. To a certain extent this has affected the enthusiasm of peasants to grow grain and sell it to the

state. If we have grain in our hand, we will not be in a commotion. Only when the state has ample grain reserves in its grain depots can it allocate and transfer grain as necessary and keep grain prices at an appropriate level. The grain in state grain depots is purchased from the peasants according to contract or at negotiated prices. Only when the prices are right will the peasants enthusiastically sell grain to the state and only thus can the state grain depots be stocked with ample grain. Therefore, appropriately raising grain purchasing prices is something that should not be overlooked. The state is gradually solving this issue.

The need to attach great importance to grain production is a fundamental issue. Although the psychological factor contributes considerably to the rocketing grain and oil prices in some parts of southern China, grain is still relatively insufficient in specific places. This tells us that grain is a special commodity indispensable to all people in their daily life. There should be an ample supply of grain at any time, and this should be based on a bumper harvest with increased output. For this reason, it is necessary to maintain certain grain acreage and ensure a stable increase in grain output; increase input in grain production, improve grain-growing conditions, and raise per-unit yield; and pay attention to adjusting the grain products structure and improving grain quality so as to meet people's gradually increasing needs in material life.

It should be mentioned that some localities have blindly opened development zones. In doing so they have used many grain fields and caused a reduced grain output this year. As there is less grain, prices naturally rise. As a result, they have to buy grain in other places and are very worried. This is a lesson worth learning. In opening up development zones we must make overall plans, take all factors into consideration, and ensure that grain acreage will not be reduced. In such a big country with a large population like ours, this should be taken as a principle.

The fluctuation in grain and oil prices is a signal we must correctly grasp. Seeing that grain prices are rocketing, some peasants become more enthusiastic to grow grain. This is beyond reproach. However, we should also stress quality. That is to say, we should grow strains that are readily marketable. Otherwise, if the products are unmarketable, it will be a burden. Seeing that the state is keeping down grain prices, some other peasants are less enthusiastic to grow grain. This is incorrect. In keeping down grain prices, the state wants to keep them at an appropriate level. It is not aimed at keeping them as low as possible. Rather, the state wants to keep grain prices at a level which enables grain growers to have a reasonable income and which the grain-consuming urban residents can afford. We should unswervingly attach importance to grain production and strive to gain a bumper harvest with increased grain output.

Report on Rural Savings, Agricultural Bank

OW1101084794 Beijing XINHUA in English 0822
GMT 11 Jan 94

[Text] Beijing, January 11 (XINHUA)—Chinese rural residents put over 126 billion yuan into banks in 1993, which brings the total private deposits in the Agricultural Bank of China (ABC) and rural credit cooperatives to a record high of 610 billion yuan.

The figure ranks the Agricultural Bank of China first among the four state specialized banks in terms of the personal savings each bank holds.

According to an ABC official, the bank recalled some 5.8 billion yuan extended to non-financial institutions under the name of inter-bank lending by the end of last year, meanwhile providing 230 billion yuan in direct loans to agricultural production, representing a net increase of 30 billion yuan as against the previous year.

And thanks to the ABC's strict management of funds, there were much fewer cases of "IOU" reported throughout the country during the purchase of grain and other agricultural products last year.

To help the growth of township enterprises, the bank made loans of over 335 billion yuan to the rural firms and a considerable portion of the loans went to the under-developed central and western regions.

The bank official revealed that the central government has decided to increase the amount of loans to the agricultural sectors to some 10 percent of total bank lendings this year from six percent in 1993.

This year, ABC's lending will mainly go to agriculture production which either has high economic returns or can earn more foreign currency.

It will also support the technical renovation of some efficient rural industries so as to make their products more competitive, said the official.

Peasants Urged To Sell Grain, Stabilize Prices

IIK1001040594 Beijing NONGMIN RIBAO in Chinese
23 Dec 93 p 1

[Commentator's article: "Peasant Brothers, Do Not Be Reluctant To Sell Your Grain"]

[Text] Recently grain prices have risen sharply in some parts of southern China, and this is not a normal phenomenon. China's grain harvest this year is larger than that of last year, there are sufficient grain reserves, and there is no problem with the balance of supply and demand. Due to the unusually low grain prices in the past, appropriate rises in grain prices under market regulation are inevitable. However, the drastic rises we are now seeing are totally propelled by certain temporary and psychological factors.

What needs to be pointed out is that some of our peasant brothers are reluctant to sell grain in the face of abnormally sharp price rises. Believing that "it is better to sell when prices are going down, not up," they intend to store more grain and wait for a better price. Is their belief correct? The answer is no.

It is no cause for criticism that farmers intend to sell their products at higher prices for more profit. Past sales of grain at unduly low prices have already been noticed by both the central and local governments. After the decontrol of grain prices, a considerable rise has been registered in grain prices, thus enabling the price to keep up with the value. The decision of the central authorities to raise the price of grain next year is a measure to equalize grain prices and value. As a special commodity with great bearing on the state as a whole and on the everyday life of the people, grain is subject to market rules, and restricted by the risk-enduring capacity of urban grain consumers. When grain prices rise drastically, it is necessary for the state to adopt economic control and regulation measures, or other measures. That is why the State Council has decided to draw upon grain stocks to ease prices. Therefore, we have every reason to say that people who intend to store up grain and wait for a higher price will fail to attain their hope, and it is possible that they will not be able to sell their grain at today's prices.

Peasants in China have always had a strong sense of the state and the whole situation. Starting next year, China will take major steps in reforming the systems of finance, taxation, monetary industry, and investment. This set of positive and stable programs follows the common rules of the market economy, uses the successful experience of advanced countries for reference, gives full consideration to China's national conditions and today's realities, and tries to take care of the interests of all sides in every possible way. Implementation of this set of well-coordinated reform programs will enable China to take a big step forward in its cause of reform and opening up, and in its economic development. However, to put into practice all these major reforms, we need to have a sound environment, and a stable market remains an important factor. The reluctance of peasant brothers to sell grain is exacerbating the abnormally sharp price rises, and as a result, the stability of the entire market will be weakened, and this situation is unfavorable for the state to start its major reforms next year. On the contrary, if peasant brothers continue selling their grain as they should, they help soothe grain prices and stabilize the market. This will help the state to implement its major reform measures next year.

Peasant brothers, gain a farther and broader vision, do not be reluctant to sell grain, and try to carry out production and operation in a normal manner.

East Region

Fujian Reports Antismuggling Statistics

HK1101133394 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 5 Jan 94

[Text] A provincial feedback meeting about curbing smuggling ended in Fuzhou yesterday. It was learned from this meeting that since last year, the province handled 2,669 smuggling cases involving cars, motorcycles, color television sets, video recorders, air conditioners, cigarettes, gold, and 49,406 grams of drugs, the total value being 187 million yuan.

At the meeting, Vice Governor Tong Wanheng pointed out: In this new year, there is a need to continue to implement the spirit of the central meeting on curbing smuggling activities, to profoundly carry out a combined operation, and to increase the momentum of crackdown to ensure phased achievements in the period up to the Spring Festival.

Jiangsu Secretary Addresses Party Plenum

OW1101100194 Nanjing XINHUA RIBAO in Chinese 20 Dec 93 p 1

[“Chen Huanyou Delivers Important Report at the Seventh Enlarged Plenary Session of the Eighth Jiangsu Provincial CPC Committee, Sums Up This Year's Work, Outlines Tasks for 1994, Calls for Resolutely Accelerating Reform and Development, and for Thoroughly Implementing the Guidelines of the 14th CPC Central Committee”]

[Excerpts] Yesterday afternoon, Secretary Chen Huanyou delivered an important report at the Seventh Enlarged Plenary Session of the Eighth Jiangsu Provincial CPC Committee on behalf of the provincial party committee's Standing Committee. He reviewed and summed up Jiangsu's work in the past year, called for studying and implementing the guidelines of the Third Plenary Session of 14th CPC Central Committee, and made suggestions for tasks in 1994. Sun Jiazheng, deputy secretary of the provincial party committee, presided over the session.

Chen Huanyou said: The Third Plenary Session of the 14th CPC Central Committee is an important historic meeting, and the “Decision on Some Issues Concerning the Establishment of a Socialist Market Economic Structure” adopted by the session is a program of action which will guide us in pushing forward the reform of the economic structure in the 1990's. We must concentrate on implementing it from three aspects. [passage omitted]

Firmly reaffirming the achievements made in this year's work, Chen Huanyou said: Since the beginning of this year, all localities in our province have earnestly implemented the guidelines in the important remarks made by Comrade Deng Xiaoping during his tour of southern China in early 1992 and the guidelines of the 14th

National Party Congress, continued to seize opportunities, deepen reforms, open wider to the outside world, strengthen and improve our macroeconomic control, accelerate structural adjustments, speed up scientific and technological advances, and adhere to the principle of building a material civilization and a spiritual civilization simultaneously. As a result, the economy has been able to maintain its momentum of rapid growth. New progress has been made in building a spiritual civilization, in developing democracy and improving the legal system, and in strengthening the party organizationally. The general situation is good. The economy has been developing in a sustained and rapid way. The province's GNP this year is expected to increase by 18.5 percent over that of last year. New advances have been made in reform, and a new situation has developed in our export-oriented economy. According to estimates, our foreign exchange earnings made through exports this year are expected to rise 17.8 percent; the actual amount of utilized foreign capital has increased 69.5 percent; and about 9,000 joint-venture, foreign-funded, and cooperative enterprises have been approved. New achievements have been made in the development of science, technology, and education. New progress has been made in building a spiritual civilization. Party building has been strengthened.

Chen Huanyou analyzed and explained the distinguishing features of this year's work as follows: First, we vigorously and comprehensively implemented the state's macroeconomic control measures, and took full advantage of the development opportunities. Under the circumstances of a tightened macroeconomic environment, we firmly and continuously fostered the thinking that “Development is the last word,” and sought to develop as fast and efficiently as possible. Second, while maintaining a higher growth rate, we strove to improve the quality of economic operation. We notably strengthened our sense of the economy of scale in development, of bringing about coordinated development of various industries, and of relying on science and technology for progress. We also paid more attention to the substance of economic development and the quality of economic growth. Third, we found opportunities in the transition from the old to the new structure to further intensify reform and promote self-sustained economic growth. Fourth, we constantly upheld the policy of fostering both material and cultural and ideological progress, and attaching equal importance to both; we made overall plans and successfully arranged work in all fields; we mobilized the initiative of all cadres and the masses to create a favorable social environment in which the general situation was stable and everyone tried to make progress. Chen Huanyou pointed out that there are still difficulties and problems regarding capital, market, and commodity prices that should be taken seriously. He stressed the need to earnestly overcome these difficulties and resolve the problems in the course of conducting our work hereafter.

Chen Huanyou pointed out: The year 1994 will be crucial to economic structural reform, and it will be a

year of sustained, rapid, and healthy development of the economy. The general requirements for next year's work are: Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we need to comprehensively implement the guidelines of the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee; further emancipate our minds, seek truth from facts, and firmly seize the opportunity; we need to further intensify reform and accelerate the pace of building a new socialist market economic structure; we need to open wider to the outside world and accelerate the process of internationalizing Jiangsu's economy; further accelerate structural adjustment, raise economic standards and returns, and maintain sustained, rapid, and healthy development of the economy; we need to strengthen the building of socialist spiritual civilization and the work of combating corruption and building a clean government; and we need to strengthen party building and promote social progress in all fields. In light of the general requirements and development goals, it is necessary to concentrate on carrying out work in the following six areas:

Accelerate the pace of reform, centering on building the basic framework of socialist market economic structure. [passage omitted]

Seize the opportunity of foreign trade structural reform to accelerate outward expansion. [passage omitted]

Accelerate structural adjustment, centering on improving economic returns. [passage omitted]

Make full use of each region's strong points to promote simultaneous development of the provincial economy. [passage omitted]

Further strengthen the building of spiritual civilization, democracy, and the legal system by upholding the policy of fostering both material and cultural and ideological progress, and attaching equal importance to both. [passage omitted]

Strengthen party building and improve leadership standards. [passage omitted]

Concluding his report, Chen Huanyou said: The provincial party committee calls on the vast numbers of cadres and masses in the province to closely rally around the CPC Central Committee with Comrade Jiang Zemin as its core; always act in accordance with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and the party's basic line; comprehensively implement the guidelines of the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee; and work with one heart and one mind, with a will to make the country strong, and in a pioneering and enterprising spirit to win new victories for Jiangsu's reform, opening up, and modernization.

Shanghai's Commercial Sector Exhibits 'Growth'

*OW1101082394 Beijing XINHUA in English 0807
GMT 11 Jan 94*

[Text] Shanghai, January 11 (XINHUA)—Shanghai witnessed sharp growth in its commercial sector last year, according to a recent survey by the commercial department here.

It shows that great changes took place in the following ten aspects of the city's commercial sector.

Despite the fluctuating market, the city achieved a sustained high growth in retail sales, with total turnover for 1993 amounting to 65.35 billion yuan.

This was an increase of 33.5 percent on 1992, and 11.5 percentage points higher than the national average growth rate.

In an effort to establish a socialist market economic structure, it also expanded the market for consumer goods, removed various kinds of fees and brought the market economy into play.

A new system for retail price control, professional negotiation for prices, overall control and major commodity reserves, also took initial shape.

In addition, Shanghai established a number of exchanges and wholesale markets of national level for petroleum, farming resources, food, oil and meat.

Taking the food and oil exchange as an example, the trading volume of food-stuff and oil in the first six months since its founding reached 31.3 million tons, totalling 54.2 billion yuan. It made contact with many of the world major food exchanges, and with REUTER's international high-speed information network.

The city has also set up 204 regional markets, constituting an initial commodity market system.

So far, about 700 large and medium-sized commercial firms in Shanghai have adopted the independent management system, with 4,177 small ones practising leasing and risk liability contracting systems.

Some 168 such companies were sold by auction, and 28 comprehensive chambers of commerce and commercial groups were reorganized.

The city also approved 19 joint stock companies, six of which were listed on the market.

In 1993, the city earmarked at least 7.8 billion yuan for commercial development, about 1.5 times the amount in the previous year.

There were 50 major commercial projects with an investment of over 30 million yuan each, with 12 completed and nine in their final stage.

To gain more strength in developing the city's commercial sector, it made use of a total overseas investment of 660 million U.S. dollars, a rise of 2.24 times the figure in 1992.

With its 179 foreign-financed projects approved last year, 1.77 times the number of the previous year, Shanghai has now 354 foreign-funded projects, totalling about 1.9 billion U.S. dollars, including foreign funds of 958 million U.S. dollars.

As a result, the city's total export value surpassed 100 million U.S. dollars last year, and nine overseas commercial firms were set up.

Also, the city has quickened its paces in developing the new commercial streets in Pudong new zone.

The two-kilometer-long Wenden commercial street was completed in less than one year. Its turnover in half a year topped one billion yuan.

The building of 17 large projects in the area of the Yangpu business center has already started. They are expected to be completed in two years.

To meet the demands of the fast development in the sector, the city government is also accelerating the training process for financial and trading personnel. About 59,100 people received various kinds of business training last year.

Southwest Region

Guizhou Secretary on Rural Area Reform

HK1201115494 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 7 Jan 94

[Excerpts] A provincial commendation meeting on rural grass-roots level party building and two-reform activities ended yesterday. [passage omitted]

Provincial party Secretary Liu Fangren made an important speech. He stressed the need for party-member cadres throughout the province to learn from advanced party committees and party branches which had been commended at the meeting and to raise to a new level the party's work concerning rural areas. He hoped that rural grass-roots-level party organizations would deepen their understanding of the two-reform activities, widen the scope, popularize achievements, and carry out the two-reform activities more profoundly and extensively.

Liu Fangren requested rural grass-roots-level party organizations in the province to conscientiously study the theory of building socialism with Chinese characteristics, to further strengthen their awareness and determination in implementing the party's basic line, to improve their leading groups, to improve their combat worthiness, to do a good job in recruiting new party members, to strengthen party organizational coherent force, to pay attention to style cultivation, and to enhance their consciousness in serving the people.

Guizhou Secretary Addresses Economic Meeting

HK1201100894 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 6 Jan 94

[Excerpts] At a provincial economic work meeting yesterday, provincial CPC Secretary Liu Fangren delivered a speech entitled: "Emancipating the Mind, Boosting Morale, Seizing the Opportunity, Doing Our Work in a Down-to-Earth Manner, and Expediting the Pace of Reform, Opening Up, and Macromodernization in Our Province."

In his speech, Liu Fangren pointed out that the general demand for this year's work is: Guided by Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we should further emancipate our minds, seek truth from facts, deepen reform, widen the scope of opening up, boost our morale, do our work in a down-to-earth manner, and comprehensively promote the establishment of Gansu's socialist market economic structure, its party building, its spiritual civilization, and its democratic and legal systems.

Liu Fangren continued: The year 1994 is a crucial one for reform and opening up in which it is necessary to seize the opportunity, boost our morale, and move forward by overcoming difficulties. There are thousands of jobs to fulfill in 1994 but all jobs should focus on economic construction. [passage omitted]

Liu Fangren said: The pace of reform will be very big this year and we will see the most reform measures with the strongest momentum for more than 10 years. [passage omitted]

In his speech, Liu Fangren stressed: The crux of speeding up economic development, deepening structural reform, preserving social stability, and doing a good job in all aspects of work this year is to improve all party organizations in the province, to strengthen the party's ideological style and organizational build up, and to enhance the leadership level of party organizations in all localities and their ability to control the overall situation. [passage omitted]

Sichuan Holds Session on Anticorruption Struggle

HK1101114694 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 4 Jan 94

[Text] The provincial party committee's Standing Committee held this year's first plenary session in Chengdu yesterday. Standing Committee members discussed how to deepen the struggle against corruption. They pointed out the need to persist in the guiding principles set by the party Central Committee for the first-phase struggle against corruption and to consider and carry out the struggle against corruption in line with the overall situation of expediting the establishment of the socialist market economic structure and maintaining the sustained, speedy, and healthy development of the national economy.

The session listened to a report by Yang Tonghui, member of the provincial party committee's Standing Committee and secretary of the discipline inspection commission, on last year's struggle against corruption in the province and on proposals for the future struggle against corruption.

At the session, provincial party Secretary Xie Shijie stressed: Leadership should be strengthened over the struggle against corruption, the provincial party committee and government, as well as party committees and governments at all levels, should regard the struggle against corruption as an important political task, put it on their agenda, and carry it out persistently. The party Central Committee has set three requirements for the current struggle against corruption. These three requirements should be implemented in the period up to the Spring Festival so as to make phased achievements. This year's struggle against corruption will be arranged by the provincial party committee in light of Sichuan's actual conditions according to the Central Committee's plan.

Xie Shijie pointed out: In our work, we should play the exemplary role of leading cadres, strengthen education against corruption and for a clean administration, and conscientiously abide by the system of cadres reporting major cases and the system of maintaining files for clean administration. In the course of rectifying arbitrary collections of charges, we should straighten out malpractices in using special funds, examine and deal with major and important cases, pay proper attention to strengthening discipline in key departments, resolve problems by looking into their root causes and symptoms, constantly make phased achievements in a down-to-earth manner, and profoundly and protractedly carry out the struggle against corruption so as to ensure the smooth fulfillment of all tasks this year and to promote the better and faster development of the province's reform, opening up, and economic construction.

Sichuan Party Secretary Meets Theoreticians

HK1201115394 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 6 Jan 94

[Excerpts] In the conference room of the provincial party committee yesterday morning, provincial party Secretary Xie Shijie listened to feedback reports by comrades in charge of the provincial literature and art federation, writers' association, academy of social sciences, and federation of social sciences, and made an important speech on strengthening theoretical work, literature and art, and two civilizations in Sichuan. [passage omitted]

After listening to these feedback reports, Comrade Xie Shijie said happily: Last year our province made marked achievements in theoretical work as well as literature and art, and people in these fields made great contributions. Good results were produced in social scientific research as well as in literature and art creation. A new step forward was made in the province's spiritual civilization.

Xie Shijie stressed: We are building socialism with Chinese characteristics, carrying out building spiritual and material civilizations simultaneously, and promoting overall social progress in the course of economic construction. This is an important aspect of socialism with Chinese characteristics. [passage omitted]

Xie Shijie said: Not long ago, the sixth provincial party committee held its second session to arrange this year's work. The main idea is to seize the opportunity to deepen reform, widen the scope of opening up, and expedite development. To fulfill this year's arduous tasks, there is a need to mobilize forces in all fields and to bring into play initiative in all aspects. Comrades in theoretical, literature, and art circles have heavy responsibilities to undertake and should make new contributions to the development of Sichuan's two civilizations. [passage omitted]

Tibet Securities Exchange Begins Operation

OW1001151394 Beijing XINHUA in English 1446
GMT 10 Jan 94

[Text] Lhasa, January 10 (XINHUA)—Tibet's first securities exchange started official operation today in the downtown area of Lhasa, the regional capital.

Qiu Fading, a native of Wujin County, east China's Jiangsu Province, became the first trader of stocks at the Lhasa Stock Trading Center. Qiu was said to have traded in 1,000 shares listed by a local firm of Nanjing, provincial capital of Jiangsu.

The main trading hall, covering a floor space of more than 260 sq m, has been equipped with several terminals. A large electronic indicator keeps rolling, telling share-traders trading situations sent forth through satellite communications from the securities exchanges in Shanghai and Shenzhen.

Chen Ciduan, president of the Tibet Investment Corporation, said the opening of the securities exchange in Tibet has gained the full support of Shanghai and Shenzhen.

According to him, his company is now the 381st member of the Shanghai Securities Exchange, which has donated a full set of equipment to the Tibetan exchange and helped in its installation.

The Tibetan stock trading counter will also be the first in the country to have two-way communications links with the Shenzhen Securities Exchange.

The operation of the securities exchange on the "roof of the world" symbolizes the formation of a unified stock market in 30 provinces, municipalities and autonomous regions of the mainland, said Lu Guoyuan, general supervisor of business at the Shanghai Securities Exchange. Lu made a special appearance to congratulate on the operation of the Lhasa Securities Exchange.

It is learned that more than 200 other share-holders have been registered at the Lhasa Securities Exchange.

XINHUA Profiles 1st Vice Chairwoman of Tibet

OW1201033394 Beijing XINHUA in English 0306
GMT 12 Jan 94

[Text] Lhasa, January 12 (XINHUA)—The Tibet Autonomous Region has its first vice-chairwoman of the regional government since Cering Zhouga took office in the regional government at the end of last year.

Cering Zhouga has served as the head of the Department of Public Health in Tibet for about 22 years.

In 1971, the 27-year-old woman was appointed deputy director of the regional Department of Public Health and, in 1980, promoted to the department's directorship.

Before 1951, there was no modern medical service in Tibet. With public health service in Tibet starting from a backward state, Cering Zhouga was among the first generation of Tibetan medical staff cultivated in New China.

In 1955, Cering Zhouga joined a medical team of the People's Liberation Army in her hometown, Zedang of Shannan Prefecture. In the summer of 1957, she was sent to study at the department of medicine in the Northwest China Institute of Nationalities.

After graduation in 1963, she engaged in public health work in Tibet.

In Tibetan language, Cering means long life and Zhouga implies goddess. In Tibetan people's minds, Cering Zhouga is like a "goddess of longevity."

But, the vice-chairwoman has not always enjoyed a smooth life. She lost her mother as soon as she was born in 1943. At the age of seven, she became a maid in a rich man's house and toiled there for five years.

"It was the People's Liberation Army sent by the Communist Party of China that liberated us serfs," she said.

Cering Zhouga is confident in her work but also feels a kind of pressure. She said, "to be a vice-chairwoman, I must do some down-to-earth work for the people."

Deputy Secretary Speaks at Tibet CPC Plenum

OW1201020394 Lhasa XIZANG RIBAO in Chinese
15 Dec 93 pp 1,4

[By XIZANG RIBAO correspondent Zhuo Ga (0587 0867): "Executive Deputy Secretary Raidi of Regional Party Committee Executive Points Out at the Fifth Plenary (Enlarged) Session of the Fourth Regional Party Committee: Diligently Study and Comprehensively Implement the Guidelines of the Third Plenary Session of the 14th CPC Central Committee, and Strive To Establish a Socialist Market Economic System in Tibet"]

[Excerpts] The Fifth Plenary (Enlarged) Session of the Fourth Tibet Autonomous Regional CPC Committee held a general session on the morning of 14 December. Raidi, executive deputy secretary of the regional party committee, delivered an important report entitled "Diligently Study the Comprehensively Implement the Guidelines of the Third Plenary Session of the 14th CPC Central Committee, and Strive To Establish a Socialist Market Economic System in Tibet."

Guo Jinlong, deputy secretary of the regional party committee, presided over the meeting.

Present at the meeting were Danzim, deputy secretary of the regional party committee; Yang Chuantang, Lie Que, Bu Qiong, and Li Guangwen, Standing Committee members of the regional party committee; and Hu Yongzhu, political commissar of the Tibet Military District.

In his report, Comrade Raidi stated: The Third Plenary Session of the 14th CPC Central Committee is an important historic meeting convened at a time when China's economic structural reform has entered a crucial stage. To diligently study, thoroughly comprehend, and resolutely implement the "Decision of the CPC Central Committee on Issues Concerning the Establishment of a Socialist Market Economic System" adopted by the Third Plenary Session of the 14th CPC Central Committee is an important task of paramount importance in the political and economic life of all party and government organizations as well as people of all nationalities in the region at the present and for some time to come. The report is divided into five parts:

1. Diligently study the "decision," enhance understanding, and achieve unity in thinking. [passage omitted]
2. Seize opportunities to accelerate the pace of reform and opening up in the light of realities. [passage omitted]
3. Fully recognize the fundamental position of agriculture and animal husbandry and actively guide peasants and herdsmen onto the track of market economy. [passage omitted]
4. Adhere to the principle that both material and spiritual civilization should be promoted. [passage omitted]
5. Strengthen party construction and improve party leadership. [passage omitted]

In conclusion, Raidi said in his report: The task of reform and development facing the cadres and people in Tibet is great and glorious, yet difficult. We must persist in taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as our guide; further emancipate our minds; heighten our spirits; seize opportunities; work hard and concertedly; and dare to practice and to make innovations, thereby contributing more to the establishment of a socialist market economic system and accelerating the pace of reform, opening up, and modernization construction in the region.

Northeast Region

Heilongjiang Burns 500 Kg of 'Fake' Tiger Bones

OW1201080394 Beijing XINHUA in English 0715
GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—Authorities in Harbin have burned some 500 kg of fake tiger bones, Deputy Forestry Minister Shen Maocheng said here today.

He said the fakes had been confiscated by 30 local law-enforcement officers during a week-long crackdown on the illegal trade in tiger bones and rhinoceros horns last September.

China has strictly banned transaction, transport and use of rhinoceros horns and tiger bones, which were used in making traditional Chinese medicine.

Jilin Official on Public Security Work

SK1101011894 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 8 Jan 94

[Text] Wang Jinshan, deputy secretary of the provincial party committee, delivered a speech at the provincial work conference on politics and laws on 8 January, at which he stated: Major tasks for 1994 are to earnestly implement the spirit of the Third Plenary Session of the 14th CPC Central Committee, the spirit of the national work conference on politics and laws, and the spirit of the second plenum of the sixth provincial party committee. In line with the strategic principle of building the two civilizations simultaneously and scoring achievements in both of them and according to the demands of establishing the system of a socialist market economy, efforts should be made to enhance the function of the people's democratic dictatorship and to make all-out efforts to safeguard the political stability and social peace so as to ensure smooth progress in reform, opening up, and economic construction and to create a good social environment for fulfilling the task of improving the province's economy to a new level and for accelerating the pace of building Jilin into a developed, border, and maritime province. Under the leadership of the provincial party committee and the provincial people's government and by bringing their functional role into full play since the beginning of 1993, the organs in charge of politics and laws at all levels across the province have further enhanced and improved the work of politics and laws; defined the guiding ideology of giving priority to stability; safeguarded the political stability of the province as a whole; and maintained good public security order by upholding the principle of dealing strict blows at crime. They have upheld the principle of having personnel who are in charge of the work be responsible for the work and promoted the implementation of various measures adopted for the comprehensive management of public security. They have also concentrated their efforts on investigating and handling appalling and major criminal cases; played an active role in scoring

periodical results in the struggle against corruption; rendered effective services for applying legal measures to establishing the systems of socialist market economy; and made positive contributions to ensuring the smooth progress in reform, opening up, and economic construction and to building Jilin into a developed, border, and maritime province.

Wang Jinshan contended: The province's current situation in economic development, political stability, nationalities' unity, and social progress, is good. However, we should note that our province still has many prominent problems affecting the political stability and social peace. The hostile forces both at home and abroad are colluding each other and echoing each other at a distance. Their infiltrating and damaging activities have become increasingly intensified. The serious criminal cases of various categories steadily increase and unstable factors in the society show a relative increase. Under such a situation, the task of safeguarding the stability will become more heavy and urgent. He urged party committees and governments at all levels and departments in charge of politics and laws to correctly estimate and judge the situation, to resolutely keep a sober head, and to fully discern the important position and role of political and legal work.

These party committees, governments, and departments in charge of political and legal work should be prepared for danger in times of peace; take precautions; and conduct the work of safeguarding the political stability and social peace satisfactorily, profoundly, carefully, and realistically.

Wang Jinshan pointed out: Safeguarding the political stability represents the major duty of departments in charge of political and legal work. They should enhance their struggle against hidden dangers and resolutely deal blows at the infiltrating and damaging activities launched by the hostile forces both at home and abroad. They should also correctly deal with the contradictions cropping up under the new situation among the people, enhance the capability of handling unexpected incidents, realistically and effectively carry out the struggle against corruption, and apply the actual deeds and achievements scored in the struggle against corruption to winning the people's confidence and bringing into play the enthusiasm of the vast number of people in safeguarding the stability of the whole situation and in engaging in reform and construction.

In citing the comprehensive management of public security Wang Jinshan said: We should have every locality, department, and unit truly implement the responsibility system in conducting their comprehensive management of public security. As for those that fail to earnestly enforce the leadership responsibility system in this regard and have caused a chaotic social order, we should exercise the right of vetoing all work done by them and impose the disciplinary sanction of the party and administration on them. Efforts should be made to further upgrade the work level of dealing strict blows at crime

and to deal strict blows at serious criminal activities by emphasizing the task of cracking down on appalling cases, smashing criminal rings, and pursuing and capturing escaped criminals. We should resolutely eliminate and mop up evil phenomena in the society and block the trend of the spread and development of crime. Efforts should be made to consolidate the public security order in complicated public places, such as railway and bus stations, ports, cultural and recreation centers, and trade fairs; to deal with the prominent public security problems in rural areas; and to restore rural production and livelihood to a normal order. By conducting consolidation in a specific field in the struggle of dealing strict blows at crime, we should further promote the implementation of other measures for the comprehensive management of public security to ensure social stability.

In citing the task of vigorously rendering effective services for developing the socialist market economy Wang Jinshan pointed out: It is imperative to enhance the building of socialist legal systems and to make sure laws are enacted that can be depended on, every law must be observed and be strictly enforced; and law violations must be handled. Efforts should be made to gradually establish complete legal systems suitable to the socialist market economy and to fully apply the legal weapon to dealing strict blows at the criminal activities that are damaging the development of productive forces and the market economy.

According to the practical situation in the personnel's contingent on the political and legal front, Wang Jinshan demanded: In building the contingent of political and legal personnel this year, we should continuously implement the principle of conducting strict management and enhance the education and management over the contingent of political and legal personnel by regarding the reform as a motive force and the campaign of opposing corruption and encouraging administrative honesty as an emphasis so as to stabilize and develop the achievements scored in the concentrated consolidation, to further upgrade the contingent's quality as a whole and fighting strength, and to provide reliable guarantees for fulfilling the annual plan for the political and legal work this year.

Wang Jinshan stressed in his speech: The more we deepen the reform, broaden the opening up, develop the market economy, the more we should enhance and improve the party's leadership over the economic work. At present, special efforts should be made to enhance the leadership over politics and ideology and over principles and policies and to strengthen the organizational leadership. Party committees at all levels should consciously put the political and legal work on their important schedule, fulfill their duties in dealing with the practical difficulties cropping up in the political and legal work, and make new contributions to building socialism with Chinese characteristics and developing the socialist market economy.

Attending the provincial work conference on politics and laws held in Changchun on 8 January were Ke Muyun, vice chairman of the provincial people's congress standing committee and vice chairman of the provincial [words indistinct] commission; Wang Guofa, vice governor of the province and deputy secretary of the provincial commission on politics and laws; and comrades in charge of political and legal work from various cities, prefectures, and autonomous prefecture.

Jilin Secretary Addresses People's Congress

Presides Over Meeting

SK1101084194 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 10 Jan 94

[Text] The seventh standing committee meeting of the eighth provincial people's congress opened at the provincial (Qinghua) Guesthouse on the morning of 10 January. He Zhukang, chairman of the provincial people's congress standing committee, presided over the meeting. Vice Chairmen Gu Changchun, Ke Muyun, Ren Junjie, Shang Zhenling, Zeng Xiaozhen and Xu Ruren, Secretary General Li Zhengwen and committee members, a total of 41 people, attended the meeting.

At the meeting held on the morning of 10 January, Vice Chairman Shang Zhenling relayed the guidelines of the fifth meeting of the eighth national people's congress standing committee. (Ma Xingqing), vice chairman of the provincial planning and economic commission, explained the draft regulation on the management of Changchun economic and technological development zone; Pei Fuxiang, director of the provincial land management bureau, explained the draft regulation on Jilin Province's land management; Song Wen, director of the provincial forestry department, explained the draft regulation on management of Songhuajiang (Sanhu) nature reserve in Jilin Province; (Xu Zengxuan), chairman of the commission on politics and law of the provincial people's congress, gave a report on the revision of the draft regulation of Jilin Province on management of medical appraisals of judicial organs.

The major items on the agenda of this meeting were to discuss and approve the regulation of the Changchun city trade union for foreign-investment enterprises, the regulation of Jilin City on management of markets of the means of production and the decision of Jilin Provincial people's congress standing committee on holding the second session of the eighth Jilin Provincial people's congress; hear and discuss the report of the law-enforcement inspection group for comprehensive management of public security of the provincial people's congress standing committee on the inspection of law-enforcement for comprehensive management of public security; hear and discuss a report of the provincial people's government on the province's shareholding system experimental work and a report on 1993 grain purchase; hear and discuss a report given by the relevant special committees of the provincial people's congress on

the handling of motions raised by deputies and submitted by the presidium of the first session of the eighth provincial people's congress for discussion; by-elect deputies to the eighth Jilin Provincial people's congress; and decide on the appointments and removals of personnel.

Vice Governor Zhang Yueqi, Yang Qingxiang, president of the provincial Higher People's Court, and responsible persons of the provincial People's Procuratorate attended the meeting as observers. Responsible persons of various city and autonomous prefectural people's congress standing committees, and members of various special committees of the provincial people's congress, responsible persons of various departments and offices, responsible persons of provincial government departments concerned also attended the meeting as observers.

On the afternoon of 10 January, the meeting began to hold panel discussions on the four draft regulations and regulation of Changchun city on notarization of foreign-investment enterprise and the regulation of Jilin city on management of markets of the means of production.

Views Public Security

SK1101083994 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 10 Jan 94

[Text] On the afternoon of 10 January, He Zhukang, secretary of the provincial party committee, held a forum of some delegates to the provincial public security, procuratorial, and judicial work conference at Nanhu Guesthouse. He stressed: While firmly grasping the central task of economic construction, party committees and governments at all levels should also conscientiously carry out public security, procuratorial, and judicial work during the new period; strengthen investigations and studies; analyze all kinds of destabilizing factors; adopt effective measures; try by all possible means to maintain political and social stability; and guarantee the smooth progress of reform, opening up, and the modernization drive.

Responsible comrades of various city and autonomous prefectural party committees and governments in charge of public security, procuratorial, and judicial work, responsible comrades of various city and autonomous prefectural commissions on politics and law, and responsible comrades of commissions and departments on politics and law of provincial-level organs and comrades of relevant departments attended the forum. The forum was presided over by Wang Jinshan, deputy secretary of the provincial party committee and secretary of the commission on politics and law, and Wang Guofa, vice governor and deputy secretary of the commission on politics and law. Both gave speeches respectively. (Ding Gumin), deputy secretary of the Yanbian Autonomous Prefectural party committee, (Zheng Yichun), deputy secretary of the Liaoyuan City party committee, Li Peide, deputy secretary of the Tonghua City party committee, and Wen Yuji, deputy secretary of the Changchun City party committee, gave speeches respectively in

line with the public security, procuratorial and judicial work of their own localities.

After conscientiously listening to their speeches, Comrade He Zhukang gave an important speech. In referring to the issue of maintaining political and social stability, He Zhukang pointed out: It is necessary to strengthen struggle on the covered front, resolutely deal blows to the infiltration and sabotage activities launched by hostile elements inside and outside the territory, correctly handle the internal contradictions of the people under the new situation, raise ability to deal with accidental cases, further enhance the level of dealing strict blows to criminals, resolutely straighten out the problems on dealing ineffective blows, deal strict blows to serious criminal offenses and economic criminal activities, persist in banning and mopping up socially repulsive phenomena, check its developing trend, strengthen security and defense work, give priority to managing important areas, form a strict defense network, and guarantee social security.

In referring to further strengthening the building of public security, procuratorial and judicial contingents in his speech, He Zhukang called for continuously implementing the principle of managing the police strictly, take reform as a motivation and the practice of fighting corruption and promoting honesty as the priorities, strengthen the management and education of public security, procuratorial and judicial contingents, consolidate and develop the achievements in conducting concentrated consolidation, further enhance the overall quality and fighting capacity of the public security ranks and provide a reliable organizational guarantee for comprehensively fulfilling the public security, procuratorial and judicial work under the new period. On realistically strengthening and improving the party's leadership over public security, procuratorial, and judicial work, He Zhukang stressed: The more we deepen reform, expand opening up and develop the market economy, the more we should strengthen and improve the party's leadership over public security, procuratorial and judicial work. We must be good at strengthening leadership over political and ideological work, principles and policies and organizations, properly handle the relationship between the leadership of the provincial party committee and professional guidance given by higher-level pertinent departments and between managing things in line with law and strengthening the party's leadership. Party committees at all levels should fully understand the important status and role of public security, procuratorial, and judicial work; consciously place this work high on the agenda; strengthen the building of leading bodies of public security, procuratorial, and judicial departments; and rely on good leading bodies to build good contingents. Party committees and governments at all levels should help public security, procuratorial, and judicial departments solve some practical difficulties, including installation of telecommunication equipment and working funds in order to guarantee that public security, procuratorial, and judicial departments can give full play to their functional role.

Feng Ximing, Wang Yunkun, Liu Yazhi, Xu Zhongtian, Ke Muyun, and Quan Zhezhu, and other provincial leading comrades attended the forum.

Liaoning Commentary on Peasant 'Interests'

SK110100494 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 9 Jan 94

[Commentary: "The Key Lies in Actually Protecting Peasants' Interests"]

[Text] Agriculture has already aroused universal concern in the whole province. The just closed provincial rural work conference has defined the objectives and principles for the rural work in the next year and adopted measures to energetically develop agriculture. Then, what is the major problem of agriculture? Although there are a multitude of problems in agriculture, the core of them at present can be summarized as that peasants' enthusiasm in production has been damped and thus has declined. Since the third plenary session of the 11th party Central Committee, the party's various policies toward rural areas have aroused the enthusiasm of peasants. The reason these policies have been well received by peasants is that they have represented and safeguarded the interests of the vast number of peasants. Since the beginning of this year, however, some problems of the rural work have emerged regarding the important issue of protecting the interests of peasants. The price difference between industrial and agricultural products have been widened, the comparative efficiency of agriculture has declined, and the income of peasants has increased slowly, thus leading to a decline in the enthusiasm of peasants in growing grain. Since the beginning of this winter, a few localities in the province have again witnessed the phenomena of indiscriminately raising funds and collecting financial levies, some other localities have even tried to find excuses to withdraw the contracted fields from peasants upon which they rely for existence. Thus, peasants say that the benefits given them at the beginning of the year according to the policy of reducing peasants' burdens are now being withdrawn gradually.

Why does the phenomenon of infringing upon the interests of peasants emerge? There are two reasons. First, some leading comrades have only caught sight of the achievements in the rural reform, but have not discovered in a timely manner the new contradictions and new problems cropping up in the rural areas when rural areas begin embarking in the market economy and have not set forth in a timely manner the measures coordinated with the deepening of rural reform. Second, we have overestimated the degree of prosperity of peasants since the commencement of rural reform and overestimated peasants' capacity to adapt themselves to rural reform. In fact, although the province has reaped bumper harvest in agriculture for four years running, only a small number of peasants have truly become relatively well-off or rich, and most peasants just have enough to eat and wear. In the three state-level poverty-stricken counties and the 13 provincial-level poverty-stricken counties, considerably more people are still struggling against hunger and cold. Under such a situation, all fields ought to yield even more support to peasants to let them rest and build up strength and then continue to develop production in order to thoroughly extricate them from poverty.

Gu Jinchi, secretary of the provincial party committee, stressed again and again at the just closed provincial rural work conference that all localities should consider the interests of both the state and the peasants when drawing up and implementing agricultural policies and should formulate some policies that are in agreement with the interests of peasants. This is a key step to protect peasants' interests. In doing the practical work at present, we should pay attention to the following three things: The policy of reducing peasants' burdens cannot be waivered; IOU slips cannot be given when procuring agricultural and sideline products from peasants; and the advantages given to peasants according to the contracts signed between the state and peasants must be honored and no cases of cheating and pocketing the interests of peasants are allowed. As long as we no longer make peasants the first target of attack in the course of deepening rural reform and actually protect the interests of peasants, it is possible for us to push agriculture into a new stage.

SEF Welcomes Mainland News Media Delegation

*OW1101143394 Beijing XINHUA in English 1404
GMT 11 Jan 94*

[Text] Taipei, January 11 (XINHUA)—The Taiwan-based Straits Exchange Foundation (SEF) held a reception party to welcome a delegation of the leaders of the central news media from the mainland in Taipei [Taipei] this evening.

In his address to the party, Ku Chen-fu, chairman of SEF's board of directors, said that the exchanges and visits across the Taiwan Straits are on the increase and that is significant to promoting mutual understanding of the two sides.

Nan Zhenzhong, head of the delegation and vice president of the XINHUA NEWS AGENCY, expressed his thanks for SEF's efforts to organize the visit.

Nan, also XINHUA's editor-in-chief, said that he hoped that the leaders of Taiwan's news media will visit Beijing as soon as possible.

At the party, Yu Huanchun, deputy head of the delegation and deputy editor-in-chief of ECONOMIC DAILY, and Xu Guangchun, editor-in-chief of GUANGMING DAILY, were interviewed by Taiwan reporters.

A delegation from the XINHUA NEWS AGENCY which arrived at Taipei today also attended the party at SEF's invitation.

ARATS Head Sees 'Great Progress' in Ties

*OW1201121294 Beijing XINHUA in English 1157
GMT 12 Jan 94*

[Text] Beijing, January 12 (XINHUA)—Great progress was made in 1993 in the expansion of relations across the Taiwan Straits, a senior official said today.

Addressing a meeting of the Association for Relations Across the Taiwan Straits (ARATS) which opened here today, ARATS President Wang Daohan said that his association was successful in its work in 1993.

The association, a non-governmental body, serves to promote contacts across the Taiwan Straits and the eventual reunification of China.

Wang praised the "Wang-Koo" [Gu] meeting—a meeting between him and Koo Chen-fu [Gu Zhenfu], chairman of the Straits Exchange Foundation from Taiwan, held in Singapore last year.

"The meeting made it possible for high-ranking officials across the straits to discuss matters for the first time in the capacity of non-governmental officials," he said.

That meeting marked a "major historical step" in the across- straits relations and a "new stage" in ARATS' work, he added.

Wang Daohan said that Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, and Vice-Premier Qian Qichen have paid close attention to ARATS' work and have issued instructions on its work.

He also expressed thanks to Chinese Vice-President Rong Yiren and to Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, for their contributions to the ARATS establishment and to its work.

He said that during the ongoing meeting, participants will discuss ARATS' tasks in the new year and ways to improve ARATS' work, so that the organization will be able to play a greater role in promoting across-straits contacts and relations, and achieving peaceful reunification of the motherland.

Wang expressed the belief that the deepening of the reform, opening wider to the outside world and rapid and steady growth of the economy in the mainland this year will certainly push forward the across-straits relations in the direction of peaceful reunification.

According to participants, Jing Shuping will no longer serve as an ARATS vice-president on the grounds that he is now the chairman of the All-China Federation of Industry and Commerce. Instead he will serve as an ARATS adviser.

Zheng Hongye, chairman of the China Council for the Promotion of International Trade, will also serve as an ARATS adviser.

ARATS Official Comments on Cross-Strait Talks

Addresses ARATS Council

HK1201131194 Hong Kong ZHONGGUO TONGXUN SHE in English 1122 GMT 12 Jan 94

[Text] Beijing, January 12 (CNS)—The Mainland-based Association for Relations Across the Taiwan Strait (ARATS) and its Taiwan counterpart, the Straits Exchange Foundation (SEF) are non-governmental organizations and should not be involved in political matters between the two sides, the Executive Vice President of ARATS, Mr. Tang Shubei, said here today. He added that the two sides should not deal with sensitive political issues in their working level talks.

Mr. Tang made these remarks in a report delivered at the third session of the first council of ARATS. He noted that certain new matters had arisen in the course of routine cross-strait talks on the implementation of the agreement reached by the heads of the two organizations. Since Taiwan had introduced into the working talks certain political and legal issues including matters which had not yet been settled, this, Mr. Tang said, was seen as a violation of the direction in which the two sides should

be moving. He stressed that the two non-governmental organizations should base their work on economic and routine affairs.

Mr. Tang urged the Taiwan side to return to the consensus reached in the talks between the heads of the two groups, saying he hoped ways leading to a solution of routine matters would be found in a bid to reach an agreement acceptable to the two sides on the basis of mutual respect, equality, seeking truth from facts and common ground while reserving differences. The aim is to continue with the talks between the two sides in order to facilitate links and cooperation between them and to push forward cross-strait relations.

Says Talks Should Avoid Politics

OW1201130794 Beijing XINHUA in English 1243
GMT 12 Jan 94

[Text] Beijing, January 12 (XINHUA)—An official of the Mainland Association for Relations Across the Taiwan Straits (ARATS) said today that talks between ARATS and the Straits Exchange Foundation (SEF) from Taiwan should keep off political topics.

Tang Shuei, vice-president of ARATS, said that political and legal issues on which the two sides are unlikely to achieve common ground should be excluded in talks between the two non-governmental organizations.

"As non-governmental organizations, ARATS and SEF should not be involved in political issues on which Taiwan and the mainland can hardly have common ground," Tang said. "We hope that in negotiations between the two sides, relevant departments in Taiwan will return to the common ground that the two organizations achieved during the Wang-Koo [Gu] meeting in Singapore last year."

During recent talks between the two sides, some SEF officials put forward such political and legal issues as "legal jurisdiction," which Tang said are not in accordance with the Wang-Koo agreement.

The Wang-Koo meeting was a non-governmental, economic and businesslike meeting, Tang said. The meeting has helped solve many problems which cropped up during exchanges across the Taiwan Straits and brought more contacts across the straits.

He said that ARATS has made continuous efforts following that meeting to implement the Wang-Koo agreement, and great progress has been achieved with efforts from both sides.

Commentary on Taiwan's Political Situation

OW1201082194 Beijing XINHUA Domestic Service in Chinese 0656 GMT 27 Dec 93

[Year-end commentary by XINHUA reporter Fan Liqing (5400 7787 7230): "There Are Still Repercussions

From the Race for Power and a Shadow Hangs Over the Mainland Policy—a Review of Taiwan's Political Situation in 1993"]

[Text] Beijing, 27 Dec (XINHUA)—Despite a little turbulence, on the whole Taiwan's political situation in 1993 was stable. The outcome of a five-year power struggle within the ruling Kuomintang [KMT] was known this year. The faction in power guided and completed an inner-party power redistribution; the KMT consolidated the superiority it has enjoyed in local governments in the elections for "county magistrates and city mayors." During the year, though Taiwan somewhat relaxed the restrictions in its policy on cross-Strait two-way exchanges and put forward a "concept on promoting cross-Strait information exchange," the dispute over the one-China policy resurfaced and cast a new shadow over the development of cross-Strait relations because the Taiwan authorities increased the publicity of the concept of "giving priority to Taiwan" at home and vigorously conducted so-called "return-to-the- United Nations" activities abroad.

After Taiwan held elections for "Legislative Yuan members for the second term of office" at the end of 1992, the situation became was unstable for awhile in January 1993, with disputes revolving around whether "Executive Yuan Premier" Hao Po-tsung should resign when "Legislative Yuan members" for the next term of office were elected. Later, Hao Po-tsung quietly resigned seeing as he could not get support from the KMT Central Committee. The persistent power struggle and interne-cine strife among high-level KMT officials in the five years following the death of Jiang Jingguo [Chiang Ching-kuo] were brought to a temporary close with the resignation of Hao Po-tsung. It also signaled the end of an era in which high-level KMT officials of the older generation who followed Chiang Kai-shek to Taiwan had been in power.

The KMT's "14th national party congress," which had been postponed for a year so, opened in August. Just when the congress was on the verge of a breakup, it completed a reluctant consolidation and reorganization of the KMT. At the meeting, the KMT created for the first time the positions of four vice chairmen; Li Deng-hui [Li Teng-hui] was reelected KMT chairman. The ruling faction completed the redistribution of leadership powers within the KMT through the "14th national party congress"; the new term of the KMT Central Committee boasted that "the KMT—a 100-year-old shop—has been transformed" and has the capital to "start anew." However, factional struggles within the KMT are still very intense and complicated; the KMT Central Committee cannot obtain a unanimous approval of its domestic and foreign policies by those inside the party; the race for power, contradictions between people who are natives of Taiwan and people who come from provinces other than Taiwan, differences in understanding and concepts, and other deep-rooted contradictions within the party are still looking for an opportunity to erupt. During the period of the "14th national

party congress," a faction—"the New KMT Alliance"—within the KMT quit the party, established a new party, and actively took part in the campaign for "county magistrate and city mayoral" elections to be held at the end of the year.

This year [1993], the public has become even more wary of the ties between Taiwan authorities and the business sector, and some people have tried to restrain the KMT with slogans like: "fight against money politics" and "fight against special privileges." Against this background, the "Legislative Yuan" adopted the "Act of Publicizing Personnel's Property," known as the "Sunshine Act," in mid-1993, despite opposition from the KMT-controlled executive branch. After the "public personnel" publicized their property one group after another, people on Taiwan have found that those who owned property ranging from 10 million new Taiwan dollars [NT] to several billion NT dollars are all high-ranking officials or "parliamentarians." The act has heightened people's awareness of Taiwan authorities' "money politics."

During Taiwan's quadrennial election of "county magistrates and mayors," which began in mid-November and ended on 27 December, 77 candidates of the KMT, the Democratic Progress Party [DPP], and the New KMT Alliance Party, as well as independent candidates, vied for 23 seats. Since the DPP had overbearingly vowed to "become the ruling party within three years," the KMT regarded the election as a "campaign to defend the local political powers" and mobilized all KMT members to support the KMT candidates. In an unprecedented move, the KMT chairman and executive officials went all out to voice their support for candidates in districts within their jurisdictions. On the other hand, the DPP also considered the election as the first step "toward becoming the ruling party." During the election, instead of loudly advocating "Taiwan independence" as it did in the past, it repeatedly underscored its social welfare policies. The three-month-old New Party continued to advocate "opposition against money politics and special privileges," and used the election to test how big a space in which it could develop between the KMT and the DPP. The election process was replete with vicious attacks between candidates, lavish banquets, and "wanton bombings" with propagandistic materials. There was also endless violence and rumors of bribery. Although the KMT was able to keep the majority seats during the election, the total votes it acquired fell below

50 percent for the first time, and so it is likely that in the future it will face increasingly stronger challenges to its ruling status.

The two sides have made some headway in their business talks this year. They made a historic step forward in their relations with the signing of five agreements during the world-renowned talks between Wang Daohan and Gu Zhenfu [Ku Chen-fu], which took place in Singapore in April. For the sake that the agreements reached in the talks can be fully implemented, Taiwan's Strait Exchange Foundation [SEF] and the mainland's Association for Relations Across the Taiwan Strait [ARATS] have had three follow-up working consultations in Beijing, Xiamen, and Taipei [Taipei] during the second half of the year, and they reached common understandings in principle on relevant issues. ARATS representatives had the understanding and support from all walks of life in Taiwan during their consultative meeting held in Taiwan. With the new headway which the two associations have achieved in their liaison and cooperation, cross-Strait business consultations will continue.

After the talks between Wang Daohan and Gu Zhenfu, the Taiwan authorities have continued spreading the fallacy that "the talks demonstrate the roles of the two sides as equal political entities," and their endeavor of "developing international space" has also gone astray as indicated by their clamor to "return to the United Nations." However, because of the opposition of the international community and the Chinese people as a whole, their attempts to create "one country, two seats" and "two Chinas," were woefully defeated because they disregard the one China principle. In November, the official which the Taiwan authorities sent to attend the Asia-Pacific Economic Conference in Seattle continued to slip on the way to create "two Chinas" by proposing the so-called "policy of two Chinas at the present stage," and his proposal was strongly criticized by media at home and abroad.

Taiwan will elect "county and city assemblymen" and "township and town magistrates" in January next year, and also the "Taiwan governor" and "mayors of Taipei and Gaoxiong [Kaohsiung]" at the end of the year. The new redistribution of political power in Taiwan will certainly give rise to even more fierce fights within the KMT and between the KMT and other political parties in Taiwan. In 1994, power struggle will still be the theme within Taiwan's political arena and the development of cross-Strait relations will continue to be the focus of attention inside and outside the island.

Mainland News Media Group Arrives 10 Jan

OW1001095194 Taipei CNA in English 0746 GMT
10 Jan 94

[By Lilian Wu]

[Text] Taipei, Jan. 10 (CNA)—A delegation of mainland Chinese news media leaders arrived in Taiwan Monday [10 January] afternoon for a 10-day visit, marking the second formal visit of a mainland news delegation to Taiwan.

While here, the group will meet with Taiwan's news media leaders and travel around the island to learn more about Taiwan.

The nine-member group is led by Nan Zhenzhong, vice president and editor in-chief of the NEW CHINA NEWS AGENCY (XINHUA), and includes the editors-in-chief of the ECONOMIC DAILY, the GUANGMING DAILY, and the English-language CHINA DAILY.

Also traveling with the seven news professionals are two members of the Association for Relations Across the Taiwan Strait (ARATS), a semi-official body set up to facilitate cross-Taiwan Strait contacts.

The visit was arranged by ARATS Taiwan counterpart, the Straits Exchange Foundation (SEF).

The cross-strait exchange of news personnel is one of several agreements reached between SEF and ARATS during a series of meetings held last year.

Under the agreement, SEF is planning a reciprocal visit of news professionals to the mainland. The Taiwan delegation is expected to make the trip in March.

'No Set Policy' on Hainan Development Plan

OW1001093594 Taipei CNA in English 0752 GMT
10 Jan 94

[By Bear Li]

[Text] Taipei, Jan. 10 (CNA)—Taiwan has no set policy regarding the cooperative development of mainland Chinese-held Hainan Island, chairman Hsiao Wan-chang of the Council for Economic Planning and Development said Monday [10 January].

"A plan to develop the island is just in its initial stages and the government will not make a final decision until prudent evaluation and planning can be done," Hsiao said during a joint meeting of the Legislative Yuan's overseas Chinese affairs, interior and economic affairs committees Monday morning.

During a private visit to Singapore last week, Premier Lien Chan proposed that Taiwan and Singapore join hands to develop the island, which is open to foreign investment as a special economic zone.

Lien noted that Taiwan investments in the mainland will be better protected if they are under the name of Singapore-registered enterprises because Singapore has signed investment guarantee pacts with both Taiwan and the mainland.

Vice Chairman Kao Kung-lien of the Mainland Affairs Council said at the same meeting that the government will not engage in direct economic and trade cooperation with Mainland China for the time being.

He said that in accordance with the guidelines for national unification, local businessmen would be able to invest in Hainan Island through a third party and after approval from the government.

Hainan Island boasts rich natural resources, cheap, abundant labor, and holds the right to enact investment laws, Kao added.

Hainan however, is also facing problems resulting from poor infrastructure, insufficient financial support and a serious brain drain.

Kao said any plan for developing Hainan Island should take place after both sides of the Taiwan Strait sign agreements on joint exploitation of energy and natural resources.

In related news, Hainan authorities will establish a Hainan-Taiwan, Hong Kong and Macao economic promotion association soon to promote Hainan's exchanges and cooperative ties with those regions.

Ministry Reveals 'Disclosure' of Military Secrets

OW1001061894 Taipei Voice of Free China in English 0200 GMT 7 Jan 94

[From the "News" program]

[Text] The Ministry of the National Defense has confirmed that most of the military documents seized from an arms dealer in connection with the death of Navy Captain Yin Ching-feng are classified as secret, a prosecutor said. Prosecutor Chen Jui-jen revealed that twelve of the thirteen documents in the possession of arms dealer Chang Chia-cheng are classified as military secret. The documents are related to purchase projects of the ROC [Republic of China] Navy. Chang and another middleman Liu Shu and Navy Officer Chang Ko-wen and (Liu Zen-yi) have been arrested on charges of leaking military secret. The alleged disclosure of military secret was uncovered during the investigation of Captain Yin's death. The Island's head prosecutor told lawmakers at the Legislative Yuan that he has stepped up efforts to coordinate investigation by the military and the prosecutor offices.

Ministry on Privatization of State-Run Industries

*OW1101100994 Taipei THE CHINA POST in English
3 Jan 94 p 1*

[Text] The Ministry of Economic Affairs has finalized a timetable for the privatization of 10 state-run enterprises, with three of them to go private by the end of June, according to the Commission of National Corporations under the ministry.

Yeh Men-sheng, vice chairman and executive director of the Commission of National Corporations, said the Legislature in mid-December approved a proposal to privatize the Taiwan Machinery Manufacturing Corp. (TMMC), BES [expansion unknown] Engineering Corp., and China Petrochemical Development Corp. (CPDC) before fiscal 1994 ends on June 30.

Of these, the TMMC will be sold to the private sector directly through an open tender, while the BES and the CPDC will undergo public underwriting prior to open tender. Yeh said his commission is stepping up related preparations for the privatization of these three enterprises.

He continued that the BES and the CPDC will release 170 million shares and 330 million shares, respectively, for public sales before the end of June.

Meanwhile, the state-run China Steel Corp., which will be fully turned to private hands before fiscal 1995 ends on June 30, 1995, will release as many as 1.535 billion shares, some 22 percent of its total shareholdings, before the end of June 1994.

Accordingly, there are more than 2 billion shares to be made available for public sales in the coming six months. In order not to affect the performance of local stock market, the release will be enforced in several stages of time before June 30, Yeh said.

He added that Taiwan Fertilizer Corp. will go private in fiscal 1995, and China Shipbuilding Corp. in fiscal 1997. And the remaining six enterprises under the jurisdiction of the Ministry of Economic Affairs, such as Taiwan Power Company, Chinese Petroleum Corp., Taiwan Sugar Corp., and Taiwan Salt Works will be privatized before fiscal 2001.

Statistics showed that in the third quarter of last year, the 10 state-owned enterprises recorded total earnings of NT\$ [New Taiwan dollars] 37.6 billion, some NT\$7.4 billion higher than the firms' projected earnings.

The reasons cited for the higher-than-predicted earnings included reduced costs for power generation at Taiwan Power Company, cheaper crude oil prices which cut costs for the Chinese Petroleum Corp., a stabilization of the market for a variety of products manufactured by state-owned companies, and improved efficiency at the firms.

Nevertheless, the investment growth rate of the state-run firms was estimated to slide to only 1.6 percent in 1993 to hit a five-year low, compared with 9.59 percent in 1991.

The sluggishness of investment activities by government enterprises was attributed to the established policy of privatization, slowdown of economic recovery and an increase in environment-related protests.

Depot-Level F-16 Maintenance Shop To Be Built

OW1001092094 Taipei CNA in English 0805 GMT 10 Jan 94

[By Debbie Kuo]

[Text] Taipei, Jan. 10 (CNA)—A depot-level F-16 maintenance shop is expected to be built in Taiwan as part of the United States' plan to sell 150 F-16 fighters to Taiwan, a Ministry of Economic Affairs official said Monday [10 January].

Lockheed Corp., which signed a contract with the Republic of China [ROC] Air Force in December 1992 for the sale of 150 F-16s and equipment worth U.S.\$5.8 billion over the next six years, has decided to call a meeting of more than 10 U.S. companies in March for discussions on technology transfers and other cooperation with Taiwan in building the F-16 maintenance shop.

According to David Chu, director of the Committee for Aviation & Space Industry Development under the economics ministry, the projected depot-level F-16 maintenance shop will be the first such shop outside the United States.

Chu said a project assessment is expected to be complete this year.

If the maintenance shop is built in Taiwan, Chu said, the shop will not only be used by Taiwan's 150 F-16s, it could also serve similar types of F-16s owned by South Korea, Singapore, Malaysia, and Saudi Arabia.

Vice Economics Minister Yang Shih-chien estimated that the maintenance shop will create an annual U.S.\$1 billion worth of contracts for domestic industry by 2000.

Domestic spare parts makers will reap an additional U.S.\$500 million in annual spare parts supply contracts, Yang predicted.

Army Commanders 'Split' Over Purchase of Tanks

*OW1101084494 Taipei THE CHINA POST in English
2 Jan 94 p 11*

[Text] Senior commanders in the Army are reportedly split on a decision to purchase over 200 used M60-A3 tanks from the United States in a deal worth NT\$5 [new Taiwan dollars] billion, local press reported yesterday.

The M60-A3 tanks that some Army leaders want to purchase are currently serving the U.S. detachment in South Korea. They will be retired soon and Washington has offered them for sale to Taiwan, according to the UNITED EVENING NEWS.

The M60-A3 offers no significant advantages over Taiwan's existing M48-series in terms of fire power. Both the M60-A3 and M48-A5 have a 105 mm main gun.

But with a 51,500 kg combat weight, an M60-A3 is more than 2,500 kg heavier than an M48-A5, the heaviest main battle tank currently serving the ROC's armed forces.

The heavier weight will reduce the M60-A3's maneuverability in Taiwan, which is already a difficult operating ground because most of the island is covered by steep slopes and river deltas inaccessible to tanks, according to the tank's critics.

However, those who want to purchase the tank argued the M60-A3s can effectively serve as mobile land batteries against an invading force from mainland China. And at NT\$20 million a piece, they asserted they were a great bargain for the army.

But those who oppose the purchase stated that the used tanks will be sitting ducks for the enemy's air force during an invasion because by the time troops begin an amphibious assault, the island's air force will have already been depleted and the tanks will be left without air cover—leading to a disaster similar to those faced by the Egyptians in the Six-Day War, and more recently by the Iraqis in the Gulf War.

In addition, the list price does not include maintenance costs, which for tanks can be very expensive, and in any case the Army would have difficulty finding qualified technicians to maintain them due to a shortage of qualified personnel, the dissenters added.

Military officers opposed to the deal pointed out that the Army had already considered purchasing the tanks three years ago, but opted to buy AH-1W Cobra gunships instead because the military had decided that the M60s did not fulfill combat needs. They added the M60s are still unsuitable today.

Despite opposition from within the military, armed forces observers said the purchase will probably go through for political considerations.

The project would please both Washington and ROC [Republic of China] President Li Teng-hui. Li has taken a personal interest in armored units after a group of Army commanders complained of bad equipment when he visited an Army base in August last year, according to local press.

The M60-A3 tank, measuring 9.4 meters with its gun and 6.9 meters without the gun, is manned by four crews. It is 3.63 meters wide and 3.27 meters tall.

The tank can reach 48 kph on roads and has a maximum range of 480 km. It is capable of breaching a vertical obstacle of 0.914 meters and can cross a trench 2.59 meters wide.

The M60-A3 is powered by a 750 horsepower 12-cylinder air-cooled engine. Sixty-three shells are stored in the tank for the tank's main 105 mm gun. A well-trained crew can fire between six to eight rounds per minute. Certain shells have an effective range in excess of 9,000 meters.

BOFT Predicts Growth in Foreign Trade

OW1101095694 Taipei THE CHINA POST in English
5 Jan 94 p 16

[Text] Taiwan's total foreign trade for 1994 is expected to grow 7.5 percent from a year earlier to a record high of US\$175.6 billion, but its trade surplus may shrink to a 10-year low of US\$7.1 billion, the Board of Foreign Trade (BOFT) forecast yesterday.

Based on the BOFT predictions, the island's exports would increase 6.9 percent from 1993 to US\$91.3 billion this year, while its imports would rise 8.23 percent to reach US\$84.2 billion, due to increased market liberalization here.

The same forecast indicated that exports to mainland via Hong Kong would maintain a robust annual growth of 21 percent to reach US\$22.95 billion this year. The major reason cited is the strong market demand in the mainland triggered by increased Taiwan investment there.

Imports from Hong Kong, however, would post a marginal expansion of 1.5 percent to reach US\$1.75 billion, as manufacturing industries in the British colony are gradually hollowing out.

The resultant trade surplus in favor of Taiwan would hit a record high of US\$21.2 billion, the BOFT predicted.

Meanwhile, exports to the United States are expected to witness only a negligible expansion rate of 0.77 percent in 1994 to reach US\$23.6 billion. However, the United States would remain the largest export outlet for Taiwan-made products.

Imports from the United States are predicted to enjoy a much higher growth of 10.67 percent to reach US\$19.5 billion this year.

As a result, the island's trade surplus with the United States would drop to a 10-year low of US\$4 billion, compared with a high of US\$16 billion to US\$17 billion seen some six years ago.

By contrast, Taiwan's trade deficit with Japan is projected to reach a new high of US\$15.8 billion in the new year. Imports from Japan would increase 6.9 percent to US\$25 billion, and exports to that country would grow only 2.2 percent to US\$9.1 billion.

Taipei Sees Arrival, Opening of Trade Offices

Hungary Office To Open in Spring

OW 0801092894 Taipei CNA in English 0805 GMT
8 Jan 94

[By Gabor Kurti and Benjamin Yeh]

[Text] Budapest, Jan. 8 (CNA)—Trade relations between Hungary and Taiwan are expected to improve in the coming year, fueled by plans to open a Hungarian trade office in Taipei.

"That office could be opened in the spring," Bela Csepe, leader of the parliamentary faction of the Christian Democratic People's Party (CDPP), told a CNA reporter in Budapest.

Csepe and a CDPP Vice President Miklos Hasznos will travel to Taiwan Monday [10 January] for a week-long visit to promote the trade office. During their stay, the two will also meet with Vice Minister of Foreign Affairs Huang Hsiu-jih and Vice President of the China External Trade Development Council K.H. Wu.

"Our main goal is to promote the opening of the Hungarian trade office in Taipei," Csepe said, adding that further delay in opening the Taipei office will hold back development of bilateral economic cooperation.

Taipei opened a trade representative office in Budapest in 1990, marking a new era of cooperation between the two countries which maintain no diplomatic relations.

In a recent interview with UJ MAGYARORSZAG, a daily with close ties to the government, Gabriella Farkas, vice president of the Hungarian Democratic Forum (HDF), said she realizes that a Hungarian trade office in Taipei would help Hungary sell foodstuffs and beverages to Taiwan.

The HDF is the leading force of a three-party coalition government in Hungary, which also includes the CDPP.

Budapest has, however, been very cautious about the opening of the Taipei office.

Farkas, who recently visited Taiwan, agreed that the office would give an impetus to the development of bilateral economic ties but stressed that it should not jeopardize national foreign policy.

She said diplomatic links with Taiwan are not likely at the moment as Budapest recognizes Beijing as the sole legitimate Government of China, and Taiwan is considered a Chinese province.

India Considers Possibility

OW 1201084494 Taipei CNA in English 0755 GMT
12 Jan 94

[By Y. C. Tsai]

[Text] Taipei, Jan. 12 (CNA)—India is considering establishing a trade office in Taipei with a view to strengthening cooperative ties with Taiwan, an Indian official said here Wednesday [12 January].

Ashok Jha, director of the Asia-Pacific Department under India's Ministry of Commerce, noted that his country is also working to simplify visa procedures for Taiwan businessmen in order to facilitate the exchange of visits between the two sides.

Jha, leading an eight-member Indian trade mission here, arrived in Taipei Tuesday for a three-day visit.

India has relaxed a number of trade and investment regulations since July 1991 under a government strategy to promote market liberalization and internationalization, which aims to court more foreign investors, he pointed out.

For example, he added, the tariff ceiling was lowered from 250 percent to the current 93 percent.

India has attracted more than US\$4.1 billion in foreign investment during the past two and a half years, he said, adding the investors mainly came from the United States, Japan, Britain, and Switzerland.

With a population of 886 million, which provides a high purchasing power and low-cost labor force, India boasts great potential for development, he stressed.

Moreover, he elaborated, Taiwan and India could enter into a complementary relationship as foreign trade plays a leading role in Taiwan's economic development and India's foreign trade currently accounts for only 15 percent of its gross national product.

Taiwan manufacturers are welcome to forge joint ventures with their Indian counterparts or make investments in India in such industries as consumer products, auto parts, electronic components, and food processing, he said.

To explore more trade opportunities here, Jha and his mission will meet with Taiwan manufacturers at the China External Trade Development Council (Cetra) in the afternoon.

The Indian mission met with officials at the Ministry of Foreign Affairs, the Board of Foreign Trade, and the Indian Chamber of Commerce in Taipei in the morning.

Trade ties between Taipei and New Delhi have been growing. Cetra, a semi-official foreign trade promotion organization in Taiwan, opened an office in New Delhi last November. Two-way trade totaled roughly US\$500 million last year.

KMT Secretary General Receives Japanese Dietmen

*OWJ101142494 Taipei CNA in English 1359 GMT
11 Jan 94*

[By Danielle Yang]

[Text] Taipei, Jan. 11 (CNA)—Seiroku Kajiyama, former secretary-general of the Japanese Liberal Democratic Party (LDP), and fellow Dietmen Kanezo Muraoka and Shinji Sato met with KMT Secretary-General Hsu Shui-teh Tuesday [11 January].

During the meeting, Hsu thanked the men for their efforts in promoting bilateral economic and cultural exchanges.

Kajiyama expressed regret he was not able to visit Taiwan during his tenure as LDP secretary-general. He added that the KMT's strong showing in the Nov. 28 city and county elections offered a good lesson to the LDP, which lost in last year's congressional race.

Kajiyama also told Hsu he was impressed with Taiwan's continued economic vitality.

The three Japanese Dietmen arrived in Taipei Monday for a five-day visit. They will meet with President Li Teng-hui, Premier Lien Chan, and Foreign Affairs Minister Chien Fu during their visit.

Hong Kong

BOC 'Expected' To Issue Hong Kong Notes in May

*OW1101142594 Beijing XINHUA in English 1411
GMT 11 Jan 94*

[Text] Hong Kong, January 11 (XINHUA)—The Bank of China (BOC) is expected to issue H.K. [Hong Kong] dollar notes here from May this year, a BOC official said.

Zhou Zhenxing, general manager of the BOC Hong Kong branch, said Monday [10 January] that the BOC's Hong Kong dollar notes will be in five denominations—1,000, 500, 100, 50 and 20.

The designs of the new bank notes will feature the Victoria Harbor, container terminal, harbor tunnel, culture center and other local facilities representing the prosperity of Hong Kong, as well as favorite flowers in the territory.

Lu Ping on Eligibility for Right of Abode

*HK1201100694 Hong Kong WEN WEI PO in Chinese
12 Jan 94 p A2*

[Dispatch by staff Reporter Chen Chien-ping (7115 1696 1627): "Lu Ping Talks About Principle of Right of Abode, Stressing That Beijing Welcomes Return of Hong Kong Migrants"]

[Text] Beijing, 11 Jan (WEN WEI PO)—Lu Ping, director of the Hong Kong and Macao Affairs Office, said today the Preliminary Working Committee (PWC), which adopts a welcoming attitude toward the influx of Hong Kong emigrants, is studying a flexible method to solve the problem of the permanent resident status of non-Chinese residents of Hong Kong.

At a friendship tea party today, Lu Ping told reporters that the above-mentioned principle had been clearly laid down by the relevant panel under the PWC. Although the method has yet to be finalized, he said that the panel is working hard to formulate a very flexible method which tallies with China's nationality law and which will enable most returnees to enjoy permanent right of abode in Hong Kong.

Lu Ping said: Even now, many Hong Kong residents have not been granted an identity card with "three stars" [denoting permanent resident status] on it although they have lived in Hong Kong for several decades. The Chinese side has repeatedly suggested to the British Hong Kong government that Hong Kong's existing migration regulations should be amended according to the Basic Law.

After listing several possible solutions to the problem, Lu Ping said: The suggestions raised so far are not well considered. For instance, some people suggested solving the problem on the basis of the place of residence. According to the common law, there are two types of

residences. One is the original dwelling place, namely, the place where one's father lived and is considered one's permanent residence, the status of which will never become null and void; and the other is the selected place of residence, the status of which will become invalid. According to this principle, the status of the original place of residence will become null and void if the status of the selected place of residence is chosen, while the former will be restored if the latter is given up. Such a principle can only solve the problem concerning Chinese citizens born in Hong Kong as opposed to Chinese citizens who were not born in Hong Kong or who have resided in Hong Kong for seven years or more, or non-Chinese residents.

Lu Ping continued: Other people maintain that since Chinese citizens born in Hong Kong and Chinese citizens who have lived in Hong Kong for seven years have been given permanent resident status, and the Basic Law does not say that these people's identity cards will be invalid once they change their nationalities, the problem of whether or not these people should enjoy right of abode should be given consideration. Non-Chinese residents who have lived in Hong Kong for seven years will be required to express a desire to regard Hong Kong as their permanent place of residence before they are granted right of abode, but their right of abode will be forfeited if they leave Hong Kong for a long time because this shows that they do not treat Hong Kong as their permanent place of residence. The Basic Law does not set conditions under which right of abode will be forfeited, so the relevant problem must be placed on the agenda. He stressed: The foregoing solutions are tentative ones and remain immature. The issue is in fact not as serious as claimed by the British Hong Kong Government. Our approach is to explore a flexible solution which will not contravene China's nationality law and which will make the right of abode obtainable to most Hong Kong people returning to Hong Kong from abroad. When talking about Chinese citizens among Hong Kong residents, Lu Ping said: China's nationality law considers dual nationality illegal. According to the nationality law and the Chinese Government's consistent stand on the Hong Kong issue, those Hong Kong Chinese holding BDTC (British Dependent Territories Citizen) and BNO [British National Overseas] passports and those who have been given right of abode in the United Kingdom but do not settle there are all Chinese citizens.

Lu Ping also revealed today that the Hong Kong SAR (Special Administrative Region) passport is being designed. To make travel convenient for Hong Kong people after 1997, Lu Ping added, the Chinese side has asked the Hong Kong side to provide materials about Chinese citizens among Hong Kong residents so that SAR passports will be given to them before 1997.

When asked whether he had seen the design of the SAR passport, Lu Ping said he had. The design is similar to the PRC passport except for a bauhinia [the flower of Hong Kong] design on it. We are now designing the SAR passport; as soon as the passport is ready we will make

representations to relevant countries through diplomatic channels over the matter. We will try our best to obtain mutual visa exemptions to make things convenient for Hong Kong travelers, said Lu Ping. He continued: The way to issue SAR passports to Hong Kong people before 1997 and the technicalities of the SAR government discharging its responsibilities related to the passports issue is under discussion. For instance, some people have suggested issuing SAR passports to Hong Kong people through certain channels. But the passport will remain invalid until it is endorsed by the SAR government putting its stamp on it in 1997.

Lu Ping on Issuing SAR Passports Before 1997

HK1201075794 Hong Kong SOUTH CHINA MORNING POST in English 12 Jan 94 p 3

[By Linda Choy in Beijing]

[Text] China will begin seeking visa exemptions for Special Administrative Region (SAR) passports after a sample of the travel document has been prepared, according to senior official Lu Ping.

Mr Lu, director of the State Council's Hong Kong and Macau Affairs Office said yesterday that China wanted to issue the SAR passports before the 1997 change-over.

"To achieve this, we need the co-operation of the British side in supplying information, and we are prepared to discuss this with them," said Mr Lu, shortly after expressing pessimism about Sino-British co-operation following the breakdown of talks on Hong Kong's political reforms.

Although Article 154 of the Basic Law restricts the issuing of the SAR passports to after the change-over, Mr Lu said the Chinese Government hoped the documents could be handed over to people before July 1, 1997. He said SAR residents could still use documents such as the Certificate of Identity for travelling after 1997, although that did not reflect their nationality. "It would not be appropriate if one could not hold a document indicating one's nationality in the SAR under the Chinese Government," he said.

The subject has been discussed by the social and security panel of the Preliminary Working Committee and Mr Lu said one way to prevent contravening the Basic Law would be for the passports to be officially chopped for use only after July 1, 1997.

He refused to go into details of the design, but said the passport would have a bauhinia on the cover.

The senior official also gave another assurance that Hong Kong people with a second passport would be able to retain the right of abode in the territory.

Zhang Junsheng on 'Complicated' Nationality Issue

HK1201060294 Hong Kong WEN WEI PO in Chinese 11 Jan 94 p 11

[Report: "Zhang Junsheng Talks About Nationality Issue, Stressing That Special Cases Must Be Handled in Special Ways"]

[Text] In response to a reporter's question about the nationality of the members of the Preliminary Work Committee [PWC] yesterday, Zhang Junsheng, deputy director of XINHUA Hong Kong Branch, said that while the National People's Congress [NPC] Standing Committee had decided to establish the PWC, there were no provisions restricting foreign passport holders becoming PWC members. The situation in Hong Kong is special. The legislature of the future special administrative region [SAR] will even include foreign passport holders, who will not exceed 20 percent of the total number of members.

Deputy Director Zhang Junsheng yesterday attended a reception sponsored by WEN WEI PO for the issue of the album "Record of China's Hope Project." A reporter said that there were foreign passport holders among PWC members. Yes, Zhang responded, there are many foreign passport holders in Hong Kong, which is a special phenomenon. There are provisions in the Basic Law concerning this issue. In the NPC Standing Committee decision on forming the PWC, there were no provisions on what kind of passports its members should hold. Actually, foreign nationals are not allowed to be in the legislature of any country or region. But Hong Kong's situation is special and its future legislature may have foreign nationals, who will not exceed 20 percent of the total number of members.

Zhang Junsheng continued: The Basic Law clearly stipulates that nationality and permanent residency are not the same thing. Foreigners who meet the requirements of the Basic Law may also become permanent Hong Kong residents. The provisions of the Basic Law should be followed, as they clearly state the rules concerning the matter. If there are no provisions in the Basic Law concerning concrete matters, they should be handled by adopting specific regulations. Prior to the promulgation of these regulations, deliberations may be extensively held. The question of Hong Kong residents' nationality is complicated, and this was considered while drafting the Basic Law, Zhang Junsheng stated. As some three and a half years are left until 1 July 1997, a number of problems may be encountered after the establishment of the SAR government. Although some decisions will be made prior to this period, we still have time.

A reporter asked whether there will be restrictions on foreign nationals becoming members of the Preparatory Committee of the SAR government. Zhang replied that the committee has not been set up yet. You may offer suggestions, which may include whether there should be restrictions on foreign nationals.

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